CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY SEVENTH PARLIAMENT

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COMPRISING THE PERIOD FROM THE TWENTY FIFTH DAY OF JANUARY, 1967,
TO THE TWENTY FIRST DAY OF FEBRUARY, 1967, INCLUSIVE

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HOUSE OF COMMONS

Wednesday, January 25, 1967

The house met at 2.30 p.m.

[*Translation*]

PRIVILEGE

MR. BOULANGER—REPORTED STATEMENTS BY MEMBER FOR LAPOINTE

Mr. Prosper Boulanger (Mercier): Mr. Speaker, I rise on a question of privilege pursuant to citation 105(3) of Beauchesne's Parliamentary Rules and Forms, as well as citation 108(3), citation 110, citation 111(1) and citation 113.

As a member from Montreal island, I maintain that I have been subjected to an unfair and slanderous attack by the hon. member for Lapointe (Mr. Grégoire). That attack on my integrity and competence, which constitutes a breach of my privileges as member for Mercier, follows from an item published in the newspaper *La Presse* of Tuesday, January 24, 1967, under the signature of Mr. Gilles D'Aoust, in which he quotes the hon. member for Lapointe as having stated in Quebec city recently: "that save for a few exceptions, the representatives from the Montreal area in the House of Commons make the worst membership of incompetents there is". The article also reports other unfounded and malicious accusations along the same lines.

Pursuant to the standing orders, I ask the Clerk to read the excerpts which I find libellous toward some of my colleagues, and I now table this newspaper clipping.

I deny the member for Lapointe any competence and judgment to decide whether or not any hon. member is competent. I may add that this is not the first time he takes the liberty to make such malicious accusations outside the house against his colleagues, which accusations tend to destroy the prestige of this parliament in the minds of Canadians, to the point where many wonder whether these are not, on the part of the leader of this separatist party, tactics intended to destroy governmental institutions in our country.

• (2:40 p.m.)

Therefore, I move that the member for Lapointe be summoned by the house to appear before the committee on privileges and elections as soon as possible to answer for his repeated, unjustified and libellous attacks against myself and several members of the house.

The article appeared only yesterday in the newspaper *La Presse* and I referred my question of privilege to you at the first opportunity.

Mr. Speaker: The hon. member for Mercier sent me notice of his question of privilege, as required by standing orders, together with the newspaper clipping. According to citation 113 of the fourth edition of Beauchesne, I now ask the Clerk of the house to read the excerpts considered reprehensible by the member for Mercier.

The Clerk:

Federal members from the Montreal area are called incompetents by Mr. Grégoire. However, he makes exceptions for Messrs. Charles Drury, John Turner and Pierre-Elliot Trudeau.

The federal member of parliament for Lapointe, Mr. Gilles Grégoire stated yesterday that, save for a few exceptions, the representatives from the Montreal area in the House of Commons constitute the "worst membership of incompetents" there is.

The M. P. strongly blames the Montreal members for having failed to defend the interests of their region in this matter.

Mr. Grégoire blames the members from Montreal, and the Quebec members generally, for placing the interests of their party ahead of the interests of their region. Apart from a few men like Messrs. Drury and Turner, the members from Montreal, according to him, are not serious.

Mr. Gérard Loiselle (St. Ann): Mr. Speaker, I should like to add a few words on this question of privilege. I shall be brief, but I should like to note certain points of this same statement. The hon. member for Lapointe (Mr. Grégoire) seems to be trying to assume the role of defender of the port of Montreal. I should like to inform him that while he was busy with his personal affairs, we, in the House of Commons, were defending the interests of the port of Montreal. We did not need the ideas of the separatist member to encourage us to work in the interest of our electors. Having been elected in 1957, I was among the first, in 1958, to work on behalf of the port of Montreal. I hope that the hon. member for Lapointe, who considers himself as the hub of the universe, will finally realize the facts.

Reported Statement by Member for Lapointe

Mr. Maurice Allard (Sherbrooke): I listened very carefully to the observations made on the question of privilege raised by the hon. member for Mercier (Mr. Boulanger). I submit this is not a question of privilege. The hon. member for Lapointe (Mr. Grégoire) told a public gathering his impressions of his work here, in the House of Commons and in parliamentary committees.

Mr. Speaker: Order.

Mr. Allard: This goes to show how incompetent some hon. members are, Mr. Speaker; they do not know parliamentary procedure and do not remain quiet when an hon. member has the floor.

The hon. member for Lapointe voiced an opinion, in his capacity as member of a democracy. He has a right to his opinions, and I would even go so far as to say here that I agree with him when he says that the hon. member for Saint-Antoine-Westmount and the hon. member for St. Lawrence-St. George (Messrs. Drury and Turner) are exceptions in this respect. I believe they are competent, hard-working men.

As to the hon. member for Mount-Royal (Mr. Trudeau), I have often voiced my disapproval of the opinions he voices outside the house. I submit he does not speak for the province of Quebec, and is in no position to voice the aspirations of Quebec and French Canada in this house.

Mr. Speaker, I wish the hon. Liberal members from Quebec would keep quiet. There is no question of privilege but merely a question of opinion which the hon. member for Lapointe has expressed and which millions of Quebec citizens share.

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, while admitting that the statements made by the member for Lapointe are false, I wish to thank him for having implicitly recognized the extreme competence of the members of the Quebec area.

Some hon. Members: Oh, oh.

Mr. Gérald Laniel (Beauharnois-Salaberry): Mr. Speaker, although I feel the remarks of the hon. member for Lapointe are not directed against me, I should like to say a few words about the question of privilege.

Mr. Speaker, I can well understand the feelings of the members from the island of Montreal, and I agree with the hon. member for Mercier (Mr. Boulanger) when he says that those statements are gratuitous and erroneous.

[Mr. Loiselle.]

Still, for the guidance of the hon. members, allow me to make the following suggestion: the best way to deal with people like the member for Lapointe is simply to ignore them, because the member for Lapointe does not serve the interests of the province of Quebec in this house but only his own personal interests. I, therefore, suggest that the members ignore him and continue their work toward the development of our country.

Some hon. Members: Hear, hear.

[*English*]

Mr. Frank Howard (Skeena): Mr. Speaker, may I say a small word on the question of privilege. My colleagues say I should speak "en français", but if I do nobody will understand me.

An hon. Member: Hear, hear.

Mr. Howard: It seems passing strange that there should be all this fuss and furore about the comments of an individual who deliberately has placed himself in the most insignificant location in the house—

Some hon. Members: Oh, oh.

Mr. Howard: —who by his own declaration, should not even be recognized as a member of it and who, by his own design, never intends to return.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I merely wish to ask that other statements be added to those which should be studied by the committee on privileges and elections, namely that of the member for Hochelaga (Mr. Pelletier) in which he called the Liberal members from Montreal "garbage dregs".

I would also ask that the statement made by the president of the royal commission on bilingualism and biculturalism, Mr. André Laurendeau, who called the 75 Liberal members of the last election "75 nouilles", be referred to the committee on privileges and elections. This could also be placed on record. There would be quite a few people to appear before the committee.

Mr. Speaker, before resuming my seat, I merely wish to add that I said that the members of parliament from Montreal, with the exception of a few, seemed to be incompetent. As seen today, those who felt they were alluded to rose—

Mr. Speaker: Order. I do not think it beneficial to proceed further with this question. As hon. members know, under standing orders, remarks that can be complained of must be of a libellous character in order to constitute a question of privilege. The remarks complained of by the hon. member for Mercier (Mr. Boulanger), rightfully perhaps, on behalf of his colleagues, may be reprehensible, but I do not think I can consider them as libellous so as to constitute a prima facie question of privilege.

[*English*]

BUSINESS OF THE HOUSE

STATEMENT BY PRIME MINISTER ON LEGISLATIVE PROGRAM

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to make a statement to the house about a proposed program of parliamentary business. I believe, Mr. Speaker, that any program for our centennial year should, if possible, be planned and dealt with so as to permit a summer recess which will enable members to participate in centennial celebrations in their home areas.

Whether there is to be such a recess, however, will depend on the progress we can make in dealing with those legislative proposals on which action is required. This, in its turn, will require planning by the government as well as consultation with and co-operation from opposition parties. In any such co-operation the necessity for adequate parliamentary discussion of every proposal is naturally accepted.

• (2:50 p.m.)

With these considerations in mind I am putting forward for consideration a program of parliamentary action in the first half of 1967 along the following lines. The present session would prorogue on March 10, which would give us 33 more sitting days. The new session would begin on Monday, March 13, with an Easter adjournment from Thursday, March 23 to Monday April 3. The centennial summer adjournment would extend to the end of September, when the autumn session would begin.

The government hopes that before the summer parliament will be able to deal with certain measures which I will indicate. The list I put forward now does not include relatively non-controversial bills which can often, by agreement, be dealt with in broken parliamentary time, as was the case last evening. Nor does it make provision for emergency developments which may take up the time of the commons either for legislation not now anticipated or for other purposes. Subject to these qualifications the following program is submitted as of now for action before the summer adjournment, and I should add that the items will not necessarily be dealt with in the order in which I place them now:

The Canadian forces reorganization bill; The interim budget; Resolution setting up a special committee to study parliamentary rules, procedures and practices, as well as the extension for another session of changes agreed to in the existing rules; Resolution setting up a special committee on the national anthem; The public service bills, when returned from the committee; The Bank Act amendment, when returned from the committee; together with the Quebec Savings Bank bill and the deposit insurance bill; Industrial research and development incentives bill; Immigration appeal board bill; Fiscal arrangements bill, including post-secondary education proposals; Statutory salaries and judges' salaries; Canadian Wheat Board extension bill; Broadcasting legislation; Criminal Code amending bill; Bill to implement certain of the new Nova Scotia coal and industrial development policies; National Housing Act amendments; Canada Development Corporation bill; Film Development Corporation bill; Adult occupational training bill; Bill to amend Canada Corporations Act; Citizenship Act amendments.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Which centennial is the Prime Minister speaking of?

Mr. Pearson: In addition, after prorogation there would be the debate on the speech from the throne; the budget debate, and consideration of the estimates of the departments.

This gives an indication of the work which should be done if we are to consider a centennial summer adjournment.

Some hon. Members: Hear, hear.

Hon. Michael Starr (Ontario): The Prime Minister's plan for a summer recess which would enable members to take part in the centenary celebrations in their own areas is a good one. However, in outlining the work proposed for the remainder of this session and the following session the right hon. gentleman proceeded to destroy this plan, in fact to make it impossible, by saying that whether such a recess materialized would depend on

the progress made with the legislation required later this year and, I presume, during this present session.

The Prime Minister has set out certain dates as goals. The first is March 10 as the prorogation date for the present session. Then he went on to mention that a new session would start on March 13, three days later, and during that session there would be an Easter adjournment from March 23 to April 3. But in setting out the goals for prorogation and recess he failed to give a date when the summer adjournment would begin, although he did mention that parliament would be recalled toward the end of September.

In his statement he has not made it clear whether the program he has listed would have to be dealt with during this session or carried over into the next session. He has listed 23 pieces of legislation, and has said there may be others to be considered that the government is not aware of at the moment.

I submit to you, Mr. Speaker, that the 23 pieces of legislation which the Prime Minister has listed would be sufficient to make up a throne speech at the beginning of a new session which normally would last six to seven months. Included in the list are major pieces of legislation. In addition to the legislation that he has listed he has mentioned a debate on the speech from the throne, another budget debate and consideration of the departmental estimates for the fiscal year 1967-68.

In setting out the dates for the plan he put forward I am sure the Prime Minister must have had his tongue in his cheek, because it is impossible for all this work to be carried out in the next 3 days or the next 66 days. There are such major pieces of legislation as the unification of the armed forces, the national anthem, the public service bills, the Bank Act amendments, the immigration bill, aid to the Nova Scotia coal industry and industrial development policies, broadcasting legislation, Housing Act amendments, the Canada Development Corporation bill—

Mr. Diefenbaker: Is that back again?

Mr. Starr: Yes; and there is the film development corporation bill, the Citizenship Act amendments, and consideration of the estimates for the fiscal year 1967-68 which by themselves will take at least 30 days if the new rules are still to be applied. Surely the Prime Minister does not suppose that all these major pieces of legislation will be put through the house allowing for proper discussion before they are finally passed? So far as dates are concerned, the goals the Prime Minister has set are in my opinion nothing but a camouflage in view of the massive program of legislation that has yet to be considered. I think the government should review this program and set out the legislation in an orderly, scheduled fashion.

So far as the official opposition are concerned we are prepared to co-operate, just as we have done during this whole session of parliament.

Some hon. Members: Oh, oh.

Mr. Starr: There are groans and oh's, Mr. Speaker, but only last night it was upon the suggestion of the official opposition that four pieces of legislation were cleared away from the order paper. Our task has been not only to co-operate but to try to lead the government.

Some hon. Members: Hear, hear.

Mr. Starr: I say we are co-operating, that we have done so in the past and will in the future, but at the same time we feel it is our duty and responsibility that legislation proposed by the government should receive careful scrutiny and full consideration, and this duty we intend to fulfil.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the Prime Minister's outline of a proposed timetable for parliament during this calendar year will be extremely useful. I think it underlines the suggestion we have been making from time to time that each year we ought to endeavour to work out a parliamentary timetable so we can conduct our business in an orderly manner in the time available, without coming to the end of a session and having to discard legislation due to lack of time when, during the session, we spent a great deal of time on less essential legislation.

• (3:00 p.m.)

Therefore I think some type of timetable is very useful. The Prime Minister's suggestion of closing the present session on March 10 and beginning the new session on March 13, with an Easter recess from March 23 until April 3, seems to make good sense. The Prime Minister suggests a summer recess, and that we then return at the end of September. He has not said when the summer recess would begin. I can understand this, because the Prime Minister is not, of course, in a position to know how much progress we will have made at that time. It certainly is difficult,

however, to know whether it will be necessary to have a recess until the end of September unless we know when we are likely to adjourn.

Members of this party are anxious to cooperate with the government in its plans to have a proper and adequate celebration of Canada's centennial year. We wish to help in every way we can with these celebrations in our constituencies and throughout the country. However, Mr. Speaker, we are convinced that the first business of parliament is to do the work of the country. We believe there is no better way in which we can celebrate Canada's 100th birthday than to devote ourselves to the problems which confront the Canadian people.

A short summer recess certainly would be advisable, but in our opinion there is no reason for a long summer recess. If we should be able to adjourn by the latter part of June, there is no reason that parliament could not reassemble after Labour day. Two or two and a half months would seem to be an adequate time to enable members to attend to the work in their constituencies and take part in these centennial celebrations.

While I agree that the items the Prime Minister has outlined are very essential, I should like to point out to the house that there are many items which were not listed. There is nothing mentioned about the setting up of a department of consumer affairs which is likely to be recommended by the committee on consumer credit or to deal with the whole question of the rising cost of living. There is nothing mentioned about legislation on divorce or on birth control, both of which have been studied by a committee of the house. There is nothing mentioned about hate literature, which also has been recommended, or about anti-pollution legislation, or car safety.

There is nothing mentioned dealing with the matter of Canada's constitution or dealing with—as I hope will be the case in 1967—the report of the bicultural and bilingual commission. Certainly there can be no more appropriate year than 1967 to begin to grapple with this problem.

I should like to recommend to the Prime Minister at this time that we move with speed in respect of the setting up of the committee to look into the rules and procedures of the house, particularly if we are to get any agreement concerning which of the present rules will be extended into the next session, so that we do not come to the end of this session with the subject unresolved. This would give us the necessary time to explore the whole question of further revision of the rules so we could carry on our business much more expeditiously. Certainly I would hope that out of such a committee would come plans for the setting up of a parliamentary timetable, the first step toward which has been taken by the Prime Minister's announcement today.

I should like to say to the Prime Minister that while we are just as anxious as anyone to get back to our constituencies for a short summer recess, we shall insist throughout this session that the primary responsibility of parliament is to deal with the items the Prime Minister has mentioned and some other items which have not been mentioned. This must have top priority. There is no better way we can serve Canada in its centenary than to devote ourselves to the task of finding some solutions to the many problems which confront the Canadian people at this time.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, in glancing over the timetable which the Prime Minister has given to us for the next few months, it seems to me that if we live on hope we certainly have a lot to live on. As the hon. member for Ontario has stated, there is enough mentioned here to justify a throne speech debate and a full session. I quite agree that it is a step forward on the part of the government and I thank the Prime Minister for having taken this initiative in giving us some chronology in respect of the business of the house. This at least gives us an objective, but the dates which have been mentioned are not realistic and are not fair to the proper handling of the legislation which it is desired should be passed through the house.

My experience in this house has not been very lengthy, but I know that all the items which have been mentioned cannot be pushed through and digested in the short period which is being allowed. Some other measures have been mentioned here by other members who have spoken, and there are the estimates themselves. The study of the estimates can take a considerable time even if we just give two days to each department. I foresee a very long debate on the armed forces bill. I am not attempting to pull the wool over anyone's eyes, but it is going to take quite some time to deal with this matter. Anyone who believes otherwise has been asleep for the past six months. I believe it would be nice if we could get out of here on April 3, but I do not intend to be lured into the position of saying "Well, we are going to get out on the third and be damned with the rest". That is not the point.

The point is that the government has business to do and we have business to do. I think we must take the necessary time to do a good job regardless of centennial year.

The hon. member for Burnaby-Coquitlam mentioned some other matters which are not set out here and which should be included. One matter which should be considered is the bankruptcy situation. If the Prime Minister thinks this is not too important, he should speak to the Minister of Justice, who stated before the Senate committee that this is one of the most important problems facing this country today because of the tax losses to the government and the losses to everybody else. There are a multitude of problems which might come up and which are not listed in the 20 different pieces of legislation mentioned.

I wish to be realistic in respect of this matter; therefore I say to the Prime Minister "Good luck". In the meantime, however, we will do our job. If it is possible for us to get away for the centennial celebrations, then well and good; but as responsible members of parliament I believe our first duty is to ensure that the administration of this country is not left on the loose after 100 years of work and dropped in a shambles, even if it is only for one year. We know what is involved in attempting to catch up again.

With the amount of work which is before us I cannot see the possibility of a long summer recess. If it is necessary to continue on into July in order to complete our work, then we should do so. On the other hand, if it is possible to complete our work in June then we will be able to get away in June.

• (3:10 p.m.)

When we adjourn will depend on how the legislation is brought in, the number of legislative items and the importance of that legislation. The more items brought in and the more important they are, the more discussion we are likely to have.

I hope the Prime Minister's wish comes true, but I would not bet too much that it will. The chances are pretty slim, and I am sure that if he should win such a bet at all it would be only by the skin of his teeth. I hope my fears turn out to be unfounded in this regard. In the meantime I assure the Prime Minister that we will give him all the co-operation he needs without, however, neglecting our responsibilities.

[Mr. Langlois (Mégantic).]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, after listening to the Prime Minister's remarks and the comments of those who have spoken since, I cannot help but think it is a good thing that we in 1967 do not have the responsibilities the Fathers of Confederation had 100 years ago in 1867, because I am sure we would never have got together.

I am in agreement with the Prime Minister that it is essential we have a recess of parliament during the summer months. I do not know what commitments the hon. member for Burnaby-Coquitlam has after May 15, but I am aware of my own engagements between that date and the middle of September. Members of the cabinet and other members of parliament I am sure have commitments which will make it practically impossible for them to attend to the normal duties of parliament if it is in session during those months.

In this connection we as members of parliament have a definite responsibility to the people of Canada to share with them the celebrations of our centennial. It is the responsibility of members of this house to assist in a very specific way in making our centennial celebrations what they should and must be if our centennial is to carry the full impact it should and must to the nation.

Some hon. Members: Hear, hear.

Mr. Thompson: It is my hope that some arrangement can be worked out among the various house leaders and parties so we can complete the essential work of parliament by the middle of May. This will allow us to fulfil our responsibilities to our constituents and to the nation, at least until the middle of September.

I cannot understand why the Prime Minister continues to hold this situation as a club over members of the House of Commons as he has again today, when he said in the second paragraph of his statement that any recess will depend upon the co-operation he receives in dealing with the legislative proposals the government has in mind.

Certainly a great deal of responsibility in this regard rests on the government in its management of our affairs and the initiative it takes in getting certain legislative proposals under way. For instance, the special committee to study parliamentary rules and procedures will be faced with a major task. That committee should have been set up and become active long before now, because we realize that at the end of the current session

the special arrangements under which we now operate will no longer be valid.

As I look over the list of legislative measures enunciated by the Prime Minister I find that in addition to the budget debate there is the defence bill, the setting up of a special committee on rules and procedures, the public service bills, Bank Act amendments, broadcasting legislation, a bill to amend the Canada Corporation Act and Citizenship Act amendments. These are all major legislative items, and to expect that these can be completed in 33 days is absolutely ridiculous. That is impossible.

There must be a meeting of minds in this house in planning our business in order to deal with these items. I can envisage the defence bill going to a committee, and consideration of the bill in respect of Bank Act amendments has not yet been completed by the committee. I am sure each of those two legislative items will take longer than the 33 days left when they are considered by the house, not to mention the time that will be required to deal with the other items to which he referred. In addition there are many other so-called minor legislative items not included among the 20 listed by the Prime Minister.

The items which have been enunciated today might well be compared to the entire contents of a speech from the throne, and may be expected to take up the time of a normal session. I base that statement on the time required in respect of our past accomplishments.

It is my belief that a statement of the kind we heard today only places obstacles in the way of our reaching what I think is the objective of most hon. members of this house, that is to have a lengthy recess during the summer months which will permit participation in centennial activities.

Some hon. Members: No.

Mr. Thompson: Some members say no, but let me remind them that our responsibilities go beyond this house. If ever we had a responsibility to the country, at this time we have a responsibility to participate in centennial activities. A great number of people in this country have had their confidence in this democratic institution shaken in the past few years by our performance in this House of Commons. Their confidence has been shaken in respect of our democratic processes on which our own way of life in Canada is based. I urge the Prime Minister to get together again with the house leaders in order that we may achieve the goals he has outlined.

I cannot see how the program outlined by the Prime Minister can be carried out in the indicated time. The only way we can get together is by serious consultation and cooperation in working out a more realistic approach, with a general acceptance of the objectives outlined by the Prime Minister.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HOUSING CONSTRUCTION ON INDIAN RESERVES

Question No. 2,079—**Mr. Schreyer:**

1. What is the departmental allocation for housing construction for 1967 for the following Indian reservations (a) Fort Alexander (b) Hollow Water (c) Berens River (d) Fisher River (e) Sachigo Lake?

2. What is the planned expenditure for 1968 and 1969?

3. How many units are to be constructed in each of these three years?

4. In each of the above cases, will the construction be part of a continuation of existing programming, or will it be as part of a new program for community development on Indian reserves?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Allocation of departmental (public) funds for the fiscal year 1966-67 is: (a) $73,000; (b) $13,000; (c) $20,000; (d) $36,000; (e) $36,000. These are planned expenditures only and are subject to change.

2. The planned expenditures for the fiscal years 1967-68 and 1968-69 for housing construction, by individual reserves, are not yet available. Proposed expenditures, when recommended, will be subject to approval by parliament.

3. The number of units planned for the fiscal year 1966-67 is as follows: Fort Alexander, 24; Hollow Water, 4; Berens River, 5; Fisher River, 8; Sachigo Lake, 6.

A breakdown of housing units to be constructed, by individual reserves, in 1967-68 and 1968-69 is not available at this time.

4. A community plan has been approved for Fort Alexander Indian reserve and the housing construction program is being carried out in conformity with that plan. A planned community is being proposed at Berens River. On the Hollow Water and Fisher reserves the band councils have not asked for community

planning and the house construction programs are being carried out in accordance with established practices. At Sachigo Lake the construction of Indian housing is a continuation of existing programming. These housing projects in all cases are part of the $112,000,000 program for physical development of Indian communities.

BUDGET FOR C.B.C. "SUNDAY" PROGRAM

Question No. 2,252—**Mr. Flemming:**

1. Is the budgeted cost of the program "Sunday" being presented by the C.B.C. on Sunday evening, $30,000 per week?

2. If this figure is not accurate, what is the weekly cost of same?

3. Does the government agree that the spending of any such amount can be justified in view of the protests regarding the program on Sunday evening, November 27, 1966?

4. Is the government prepared to introduce appropriate legislation to deal with the authority of the C.B.C. to produce such programs?

Hon. Judy V. LaMarsh (Secretary of State): 1. I am informed by C.B.C. that the program budget of "Sunday", including direct and indirect costs, is approximately $30,000 per week.

2. N/A.

3. The new "Sunday" series is continuing to develop and efforts have been made to eliminate the shortcomings that have occurred in the early programs of the series.

4. No.

*FURTHER REPORT ON ECONOMIC UNITY OF CANADA

Question No. 2,320—**Mr. Bell (Carleton):**

1. Has the government received any further report from the interdepartmental committee on the study of the economic unity of Canada, subsequent to the interim report dated April 30, 1965, which was tabled in the house on May 7, 1965?

2. If so, when will such report be tabled?

3. If not, when is such report now anticipated?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, the answer to starred question No. 2,320 is as follows: Part 1. No.

Part 2. Not applicable in view of the answer to part 1.

Part 3. No further report is now contemplated. The conclusion reached following a preliminary survey by the committee was that the question whether this study should be proceeded with could be given more effective consideration in the context of various studies and inquiries undertaken by other governmental committees and agencies, such as the tax structure committee, the Economic Council of Canada, the royal commission on taxation and the royal commission on bilingualism and biculturalism. In the circumstances, it was decided to suspend the work of the interdepartmental committee with the possibility of resuming it at a later date if it seemed desirable in the light of the studies and reports referred to above.

PUBLICATIONS OF ENERGY AND MINES DEPARTMENT

Question No. 2,347—**Mr. Laprise:**

For each year since 1962, how many publications in (a) French (b) English, have been printed and distributed by the Department of Energy, Mines and Resources, and by its subsidiary services?

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources):

	(a) French	(b) English
1962	155	665
1963	151	727
1964	184	805
1965	99	769
1966	113	645

The above figures include a variety of reports, papers, memoirs, bulletins, etc. all related to the activities of the department and its subsidiary services. Many papers are printed in scientific and technical journals. The majority of English publications carry a French abstract.

*C.B.C. PROGRAM "LE SEL DE LA SEMAINE"

Question No. 2,376—**Mr. Blouin:**

Was the program "Le Sel de la Semaine", broadcast by the C.B.C. on December 20, 1966, between 10:00 p.m. and 11:00 p.m. and, if so (a) what was the cost of the part of the program during which the leader of the Ralliement d'Independance Nationale de Québec (Quebec Movement for National Independence) was interviewed, i.e., from 10:30 p.m. to 11:00 p.m. (b) what was the fee for persons taking part in this broadcast (c) what was the total cost of this half-hour broadcast?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: Yes.

(a) Approximately $2,000.

(b) No fees were paid to those interviewed in this part of the program.

(c) Total cost of the one-hour program was approximately $7,000.

[*English*]

OPPORTUNITIES FOR TRADE WITH EASTERN EUROPE

Question No. 2,378—**Mr. Hees:**

1. What are the countries in eastern Europe where opportunities exist for greater sales of Canadian products?

2. What additional trade initiatives are going to be used to take advantage of them?

Hon. Robert Winters (Minister of Trade and Commerce): 1. Eastern European countries in which, on the basis of my personal observations, opportunities exist for increased sales of Canadian products include the U.S.S.R., Czechoslovakia, Poland, Hungary, Bulgaria and Yugoslavia.

2. On two separate trips last summer, officials of the Department of Trade and Commerce and I visited the Soviet union as well as Bulgaria, Czechoslovakia, Hungary, Poland and Yugoslavia. Grain sales are, of course, attracting the most attention, but Canada is, at the same time, gradually expanding and diversifying exports of industrial materials and capital equipment to eastern Europe. Canada's sales of commodities other than grain and flour to these markets have increased substantially over the past two years to a total last year of about $35 million.

In order to provide the framework for further expansion of trade opportunities with eastern Europe, the government has taken the initiative in extending Canada's trade agreements with most of the socialist countries. In Moscow last June a protocol was signed extending the Canada-U.S.S.R. trade agreement for another three years. At the same time, the Canadian Wheat Board entered into a new long term wheat agreement with its Soviet counterpart. In July a long term wheat agreement was renewed with Poland. At present, the government is negotiating with Bulgaria and preparing for negotiations with Hungary with a view to renewing our trade arrangements with these countries. Trade negotiations with Roumania are also presently under study.

The trade fair program sponsored by the Department of Trade and Commerce is an important aid to businessmen in their efforts to develop trade opportunities in the socialist countries. In addition to participating in the leading east European exhibitions, Canada last year for the first time took part in a Soviet trade fair as well. For this year, Canada is planning exhibits at four fairs in the socialist countries including Poznan, Brno and Zagreb.

The government is also taking the initiative in sponsoring trade missions in both directions. This year the Department of Trade and Commerce plans to send a metals and minerals mission and a capital equipment and consulting engineering mission to east Europe. An incoming cattle buying mission from the U.S.S.R. is expected and an incoming nuclear power mission will include representatives from eastern Europe. Missions involving other commodities are also being explored, and our trade commissioners in these countries are being brought back to Canada this spring.

Canadian businessmen are being encouraged to explore personally export potentials being created in the socialist countries as a result of the changes taking place there.

In the open economy, the actual buying and selling is done by businessmen. Accordingly, it is worth noting that, in addition to government activity, chambers of commerce and boards of trade across the country are sponsoring missions to eastern Europe and the number of individual businessmen travelling in both directions is increasing steadily.

PURCHASES OF SCALLOPS BY ARMED FORCES

Question No. 2,382—**Mr. Crouse:**

How many pounds of scallops were purchased by all branches of the armed forces during 1965 and 1966?

Hon. Léo Cadieux (Associate Minister of National Defence): 1965, 111,310 lbs.; 1966, 110,902 lbs.

WINTER WORKS PROGRAM, NATIONAL PARKS

Question No. 2,385—**Mr. Bell (Saint John-Albert):**

Has the government instituted a winter works program this season in the national parks and, if so, what is the estimated expenditure and employment in each park?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): While the government has not instituted a winter works program, this year, which has applications in the national parks, the department has attempted to relieve unemployment by carrying out projects during the winter season wherever possible.

TENDERS FOR MAIL DELIVERY, ANTICOSTI ISLAND

Question No. 2,388—**Mr. Keays:**

1. In 1966 did the Department of Transport, marine radio section, request tenders for the transport of mail and delivery to lighthouses on Anticosti island?

Questions

2. If so (a) who were the tenderers (b) on what basis were they invited to call?

3. Was the contract awarded to the lowest bidder?

4. In what amount was the contract?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. The district marine agent of the Department of Transport at Quebec, P.Q., called for tenders for the transport of mail and delivery to lighthouses on Anticosti island on October 17, 1966.

2. (a) Air Gaspe Inc., Northern Wings Ltd., Wheeler Northland Airways Ltd. (b) Transportation of mail from Port Menier, P.Q., to the light stations once per month, for five trips, from December, 1966. Prices were to be in accordance with carriers tariff filed with the Air Transport Board.

3. Yes.

4. $1,228.50.

PAYMENTS TO LIGHTHOUSE KEEPERS, BELLEISLE RIVER, N.B.

Question No. 2,407—**Mr. Fairweather:**

How much money does the Department of Transport pay to each lighthouse keeper or lighthouse attendant on Belleisle river, New Brunswick?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Light caretaker, Hatfield Point, Belleisle river, $60 per annum; light caretaker, Greys Point, Belleisle river, $60 per annum; light caretaker, Long Point, Belleisle river, $60 per annum.

*RELIEF FOR AREAS AFFECTED BY AUTOMOBILE AGREEMENT

Question No. 2,414—**Mr. Irvine:**

Further to question No. 2,272 answered January 9, 1967 (a) what action is contemplated to provide relief in those specific areas mentioned in the Automotive Parts Manufacturing Association brief as a result of economic pressures generated by the Canada-U.S. automotive agreement (b) what relief is contemplated by removal of the then 11 per cent (now 12 per cent) tax on machinery and equipment for the automotive parts manufacturing industry?

[*Translation*]

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): (a) This is a matter of government policy. If any changes are to be proposed to the relevant legislation they will be announced at the appropriate time. (b) Production equipment used by manufacturers that is described in paragraph 1 of Part XIII of Schedule III of the Excise Tax Act is exempt from sales tax.

The increase in the rate of sales tax from 11 per cent to 12 per cent proposed in the supplementary budget on December 19, 1966 is not to apply to machinery and equipment described in Schedule V of the Excise Tax Act. The machinery and equipment described in Schedule V of the Excise Tax Act is to become taxable at only 6 per cent on April 1, 1967 and it is to become exempt from sales tax on April 1, 1968.

[Mr. Keays.]

[*English*]

REMUNERATION OF REGISTERED NURSES IN ARMED FORCES

Question No. 2,419—**Mr. Cowan:**

What is the remuneration given to registered nurses who are members of the Armed Services of Canada?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. On enrolment in the Canadian forces, a registered nurse is granted a short service commission as an officer for a period of two to six years as she may select. She is enrolled in the rank of 2nd lieutenant (army) or equivalent and promoted the following day to the rank of lieutenant (army) or equivalent.

2. As a member of the Canadian forces, she is eligible to receive pay for the rank in which enrolled and promoted. The monthly rates of pay are as follows:

Rank	Monthly rates (in dollars)		
(Army rank or equivalent)	Basic rate	After two years in rank	After four years in rank
2nd lieutenant	355		
Lieutenant	540	580	595

3. When a member of the Canadian forces is provided with single quarters, rations or single quarters and rations, deductions are made from the member's pay based on the following monthly rates: (a) charges for single quarters; (i) for an officer of the rank of 2nd lieutenant (army) or equivalent, $30; (ii) for a lieutenant (army) or equivalent, $40; (b) charges for rations, at the rate in effect for an officer, $55.

4. A registered nurse when enrolled in the Canadian forces, is eligible to receive a one time outfit allowance of $450. She is entitled also to receive other benefits prescribed in the Queen's Regulations and Orders for the Canadian forces for officers of equal rank and status under similar conditions, e.g., overseas allowances, travelling allowances, and responsibility allowance.

SALARIES OF REGISTERED NURSES, VETERANS AFFAIRS DEPARTMENT

Question No. 2,420—**Mr. Cowan:**

What are the basic rates of pay for registered nurses employed by the Department of Veterans Affairs?

Hon. Roger Teillet (Minister of Veterans Affairs): The salaries for a nurse 1 are as follows: $3,750, 3,900, 4,050, 4,200, 4,350, 4,500, 4,650, 4,800, 4,950.

1. Rates $3,750 to 4,950, with increments at annual intervals, are normal rates for all nurse 1 positions except as provided hereunder.

2. Saskatoon, Calgary — Rate $5,100 is to be added

3. London, Ottawa, *Toronto, Vancouver, Victoria — Rates $5,100 and $5,300 to be added

Rates of pay on appointment

Locations	With less than two years experience	With more than two years experience
All locations except those hereunder	Minimum Rate	2nd Rate
Edmonton	2nd Rate	3rd Rate
Montreal, Quebec, Winnipeg, Saskatoon	4th Rate	5th Rate
Calgary	5th Rate	6th Rate
Ottawa, *Toronto, London, Vancouver, Victoria	6th Rate	7th Rate

* At present no nurses are employed by the Department of Veterans Affairs in Toronto.

PERMITS FOR PLACING FILL IN LAKE ONTARIO

Question No. 2,421—**Mr. Cowan:**

What permits have been issued by the Department of Public Works or the Department of Transport since 1920, under the Navigable Waters Protection Act, for the filling in of lake Ontario between the mouth of the Humber river and the mouth of the Etobicoke creek?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The Navigable Waters Protection Act does not contain authority to issue permits. The land below high water mark in this area is the property of the province of Ontario unless alienated by them. Only the owner of the land would have authority to issue a permit to others to use his property for filling.

The Navigable Waters Protection Act provides authority for the minister to consider whether a fill would substantially affect navigation. It does not have any bearing on pollution, riparian rights or on any other factor.

One application was made under the Navigable Waters Protection Act since 1920 for a fill in lake Ontario located between the mouth of the Humber river and the mouth of the Etobicoke river (creek). In this case, the Minister of Public Works made a declaration, dated 14 May, 1966, that the fill did not substantially interfere with navigation and did not exceed $5000 in value. The fill was the property of the Chancellor Motel Limited, 163 Lakeshore road, Humber Bay, Toronto 14, Ontario.

Motions for Papers

QUESTION PASSED AS ORDER FOR RETURN

GRANTS TO AUTHORS BY CENTENNIAL COMMISSION

Question No. 2,087—**Mr. Thompson:**

1. What are the names and qualifications of the authors who were awarded grants by the centennial commission?

2. What books have been published, if any, by each of these authors?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Would Your Honour please call motion No. 201? I ask that the remainder be allowed to stand.

[*English*]

GEOGRAPHICAL CO-ORDINATES RESPECTING BASE LINES

Motion No. 201—**Mr. Barnett:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all notes and other communications exchanged between Canada and the United States of America since the enactment by parliament on July 16, 1964, of the Territorial Sea and Fishing Zones Act having to do with the issuance by the governor in council of one or more lists of geographical co-ordinates of points from which base lines may be determined in accordance with the provisions of the act.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the documents which have been exchanged between the two governments are privileged, of course. It would certainly not be in the interests of the negotiations that are under way now between governments are privileged, or course. It the United States, Canada and other countries if there were a disclosure of these communications asked. Therefore I must ask my hon. friend on that account to either withdraw his motion or to consent to it being put over until the opportunity arises for both of us to discuss the matter.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I am very glad at least to discover from the minister that there are some documents on the subject matter of this motion. While we may have an argument on the advisability of tabling them at this time I do believe it might be advisable, in view of the circumstances, that we transfer this motion for discussion.

[Mr. Byrne.]

Mr. Martin (Essex East): No, Mr. Speaker, I do not think this is the way to deal with a matter which obviously concerns privileged documents which, as the house has repeatedly said, should not be tabled, particularly when it is pointed out that important negotiations on that subject are under way.

Mr. Speaker: Order, please. The minister knows that the hon. member has the right of option, and that he has asked that the motion be transferred for debate. This being the case the Chair has no alternative but to order that it be transferred for debate.

Shall the remaining questions stand?

Some hon. Members: Agreed.

NATIONAL DEFENCE

REQUEST FOR COMMITTEE CONSIDERATION OF UNIFICATION BILL BEFORE SECOND READING

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the Prime Minister asked for co-operation today in dealing with the large menu that he placed before the house. In order to ensure that co-operation, would he give favourable consideration to turning over the armed forces unification bill before second reading to the standing committee on national defence so the necessary evidence can be heard? Much of the discussion which will take place in the house will have been avoided by having the committee sit in this regard.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the quickest and most effective way of doing that is to complete within a day or two debate on second reading, and in fact the long discussion on the subject matter, and then refer the matter to the committee in question.

Mr. Diefenbaker: There was not too much co-operation in that answer.

FINANCE

CABINET COMMITTEE ON FOREIGN INVESTMENT—MEMBERSHIP OF TRADE MINISTER

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to address a question to the Prime Minister with reference to the statement he made the day before last regarding the appointment of a committee of the

cabinet to deal with foreign investment. The Prime Minister made note of the fact that the Minister of Trade and Commerce had announced a number of guiding principles of good corporate behaviour in Canada and the Prime Minister said that the response to these guide lines has provided valuable information and insight into the role and conduct of foreign owned subsidiary companies in Canada.

In view of the Prime Minister's statement may I ask whether it is his intention to appoint the Minister of Trade and Commerce as a member of this committee, in view of the work he is doing with reference to the guide lines for foreign subsidiaries in Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am grateful to my hon. friend for advising me on the best manner of constituting a committee of ministers but I will point out to him that this is a small committee and that it will report to the cabinet of which the Minister of Trade and Commerce is a member. The report of that committee will be considered in cabinet. I will point out also that there is an interdepartmental committee working with the task force on which the Department of Trade and Commerce will be represented. I think I can reassure the hon. member that all members of the cabinet will have an important part to play in this work.

Mr. Douglas: I wish to assure the Prime Minister that I was not trying to advise him on the cabinet. If I had, my recommendation would have been much more far reaching. I wish to ask him if the data which has been collected by the Minister of Trade and Commerce regarding the reactions to the guide lines of the various foreign subsidiaries will be made available to the cabinet committee and to the task force?

Mr. Pearson: Yes, it will indeed, Mr. Speaker, as well as data which has been collected by agencies of the government including the Economic Council of Canada.

Hon. Michael Starr (Ontario): I have a supplementary question, Mr. Speaker. I wish to ask the Prime Minister whether, in view of the exclusion of the Minister of Trade and Commerce from the task force under the chairmanship of the senior Minister without Portfolio, he does not think his views could be put forward in that committee at the same time as in the cabinet after the recommendations have been received?

Mr. Speaker: Order, please. I will ask the hon. member whether he does not think that his question is argumentative?

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I have a supplementary question which is not argumentative. Is the Prime Minister in agreement with the statement made by the Minister of Trade and Commerce—

Mr. Speaker: Order, please. The right hon. Leader of the Opposition knows that his question cannot be put in this way. An answer cannot be given as to the accuracy of a press report.

Mr. Diefenbaker: I was not asking for an opinion on the accuracy of the statement. I am asking whether government policy was enunciated yesterday in San Francisco. I am quoting from the Ottawa *Journal* of January 25, where the Minister of Trade and Commerce was quoted as saying:

> —some Canadians attitudes on foreign investment giving rise to conflicting reports in the United States. Canada welcomes foreign capital regardless of these doubt-provoking remarks to the contrary from time to time.

Were those remarks representative of government policy and were they made after consultation following the return of the prodigal son?

Mr. Pearson: In reply to the question of my hon. friend I will merely refer him to the old Chinese proverb that he is barking in the wrong camp.

Mr. Diefenbaker: Mr. Speaker, what we are trying to find out is in what camp this government is camping; is it the Gordon camp, the Pearson camp or indeed the finance camp?

Mr. Pearson: Mr. Speaker, we are all in the same camp.

Mr. Speaker: Order, please.

COMPANY OF YOUNG CANADIANS

NORTHWEST TERRITORIES—REPORTED EXPULSION OF MEMBER

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I should like to direct a question to the Prime Minister. I wish to ask him whether it is correct that a few weeks ago a member of the Company of Young Canadians by the name of Peter Mussalem, after a disturbing series of court actions, was sentenced to

14 days in prison for supplying liquor to a minor in the Delta area of the Northwest Territories. I believe the territorial circuit court reversed the sentence, but this young man was ordered out of the territory. Can the Prime Minister verify and comment on this?

Right Hon. L. B. Pearson (Prime Minister): No, I cannot, but I will make inquiries.

EXTERNAL AFFAIRS

REPORTED U.S. INTENTION TO INCREASE TAX ON CANADIAN INVESTMENTS

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): I should like to ask the Minister of Finance if he can report to the house or comment upon a statement from Washington today to the effect that congress is considering an increase in the withholding tax on Canadian investments from 15 per cent to 30 per cent?

Hon. Mitchell Sharp (Minister of Finance): I am sure the hon. gentleman and the house will be pleased to know the exemptions that have hitherto been applied to Canada will remain in existence.

[*Later:*]

Mr. Winkler: So that there will not be an error in the record, Mr. Speaker, earlier I asked the Minister of Finance a question about an announcement from Washington. I used the term "witholding tax" but I should have used the term "equalization tax". The answer, as I understand it, applied to the equalization tax.

NORTH VIET NAM—SUPPLYING OF MISSILES BY SOVIET UNION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I have a question for the Secretary of State for External Affairs. In view of the fact that the minister has told us he has made Canada's position known to the United States government with respect to the cessation of the bombing of North Viet Nam, has the minister made known to the government of the Union of Soviet Socialist Republics Canada's position with respect to the Soviet union supplying missiles and other weapons in North Viet Nam for the purpose of destroying United States aircraft? I ask this question because of the position of the government of the Soviet Union as co-chairman of the Geneva conference, and the consequent relationship to Canada's position as one of the three members of the international control commission on Viet Nam.

Hon. Paul Martin (Secretary of State for External Affairs): I did not hear all of the question. I will study it and give an answer tomorrow.

Mr. Nesbitt: May I ask a supplementary question for the minister's consideration at the same time. Has the government established a position with respect to supplying missiles and other arms by the Soviet union to North Viet Nam?

Mr. Martin (Essex East): Yes, Mr. Speaker, but this is a very important matter and I want to give it careful consideration.

REQUEST FOR STATEMENT ON ASSISTANCE TO CARIBBEAN COUNTRIES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Secretary of State for External Affairs, Mr. Speaker, strictly for the purpose of eliciting information, as usual. On January 16, as recorded on page 11824 of *Hansard*, the minister mentioned the meeting to be held at Saint Lucia later this month to discuss a certain course of assistance to be given by Canada to the Caribbean countries. In view of the new semi-independent status of several of the islands of the West Indies, and their need for substantial trade and economic assistance, will the minister make a statement tomorrow and inform the house of Canada's plans to co-operate with our friendly neighbours in the Caribbean?

Hon. Paul Martin (Secretary of State for External Affairs): My hon. friend has not been keeping up with the activities of the government. The statement which he asks to be made tomorrow was made by the Prime Minister and my colleagues who were meeting with the Commonwealth Caribbean countries last July in Ottawa.

Mr. Churchill: I should like to bring the minister into the twentieth century. I am talking about a meeting to be held at the end of January, which is not far away. Would he tell us immediately about that meeting, the plans for co-operation, and what Canada's suggestions are for assisting our friendly neighbours in the Caribbean?

Mr. Martin (Essex East): That, Mr. Speaker, is a rather constructive question to which I

can readily give a reply. If my hon. friend will read the statement made by the Prime Minister at the conference in July—

Mr. Churchill: I have read it.

Mr. Martin (Essex East): —he will see it was agreed that we would meet on the official level to take steps to implement the announcement of government policy made by the Prime Minister at that conference.

FINANCE

INSURANCE COMPANIES—POSSIBLE LEGISLATIVE ACTION BY GOVERNMENT

On the orders of the day:

Mr. David Lewis (York South): I have a question for the Minister of Finance. Can the minister inform the house whether his meeting or meetings with insurance company officials and others resulted in agreement on necessary legislative action? If so, when may we expect the minister to introduce such legislation?

Hon. Mitchell Sharp (Minister of Finance): I had very useful discussions with the general insurance companies, the Canadian companies that write fire, theft and accident insurance, on possible improvements in legislation. They made a number of suggestions to us and we made a number of suggestions to them. My officials are preparing some drafts which will be discussed shortly with the industry. Then I expect I will be bringing forward some legislation. I cannot predict now when that will be. I should add, however, that the Canadian companies, while they felt some improvement in legislation was possible, did not feel the failure of North American General was a serious blow to the reputation of Canadian insurance companies.

Mr. Lewis: May I ask a supplementary question. In view of the minister's reply, I should like to ask whether his officials are considering legislation concerned with the interests of policy-holders and Canada's economy, or whether they are considering legislation concerned with the interests of general insurance companies?

Mr. Sharp: Needless to say, Mr. Speaker, the interests of policyholders are very much involved in the reputation of the insurance companies themselves.

Mr. Langlois (Mégantic): May I ask a supplementary question?

Mr. Speaker: Order. The Chair recognizes the hon. member for Athabasca. There have been two supplementary questions and we have to move on, since there are only 30 minutes for questions today.

NATIONAL DEFENCE

NEW CLASSIFICATION OF PIPERS AS MUSICIANS

On the orders of the day:

Mr. F. J. Bigg (Athabasca): I have a question for the Associate Minister of National Defence. Is it true that the Minister of National Defence has reversed the decision of the defence staff to put pipers into a different category from musicians?

Hon. Léo Cadieux (Associate Minister of National Defence): Yes, Mr. Speaker. An announcement was made today that the decision to separate pipers from musicians in the recently announced new trade classification has been reversed. Henceforth pipers will be in the same category as musicians for all matters, including trades pay. As the immortal Robbie Burns might have put it:

> Their skills and craft hae put me daft,
> They've ta'en me in, and a' that;
> So pipers now musicians are
> Wi a' their blaw and a' that!

Mr. Donald MacInnis (Cape Breton South): I have a supplementary question for the Associate Minister of National Defence. Now that the Minister of National Defence is in the mood, is he going to make a few more reversals?

POST OFFICE DEPARTMENT

ROBERT BURNS—REQUEST FOR COMMEMORATIVE STAMP

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for the Prime Minister. May I say that I certainly appreciated the accent of the associate minister in his reply; it was excellent. In view of the fact that today is the anniversary of the birthday of that great Scot, Robert Burns, and in view of the fact I am sure the Prime Minister has a very soft spot in his heart for all the Scots who have contributed and are contributing to this country, may I ask the right hon. gentleman if the government would give consideration to issuing a stamp, during this centennial year, as has been done in the past not only by Britain but by the Soviet union, to honour Burns and all the Scots in this country?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Well, of course, nothing would give me greater pleasure than to give consideration to that proposal.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. G. C. Lachance (Lafontaine): Could the Minister of Transport inform the house if the hon. member for Lapointe, since his return from a holiday in Martinique, has requested the assistance of federal government icebreakers for those winter trips between his constituency of Lapointe and the port of Montreal by way of the St. Lawrence river aboard his $15,000 luxury yacht purchased last summer in Toronto, Ontario.

Mr. Speaker: Order.

Mr. Lachance: I wish to discuss the matter at ten o'clock, Mr. Speaker.

[*English*]

EXTERNAL AFFAIRS

ITALY—PURCHASE OF DAIRY CATTLE FOR FLOOD RELIEF

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, may I address my question to the Minister of Agriculture. The question pertains to an announcement made the other day by the Secretary of State for External Affairs to the effect that Canada was going to spend $400,000 to buy dairy cattle to help the flood stricken people in Italy. I should like to ask the Minister of Agriculture if it is a fact that only Holstein cattle are to be purchased for shipment to Italy. If so, can he explain why the taxpayers' money is not being used to purchase other breeds of dairy cattle as well?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I am rather astonished to find my hon. friend is prejudiced against Holsteins. I should like to instruct him that the choice of cattle purchased lies with Italy. We provide the funds, but they choose the cattle they wish.

Mr. Hales: Mr. Speaker, I would not want the minister to get away with the statement that I am prejudiced against Holstein cattle. I am not, but I am interested in the sale of all breeds of dairy cattle purchased with the taxpayers' money.

[Mr. Muir (Cape Breton North and Victoria).]

POWER

COLUMBIA RIVER—PROPOSED FURTHER DEVELOPMENT BY U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Energy, Mines and Resources which is of national importance. Has the minister's attention been drawn to press dispatches from Washington to the effect that the United States has taken advantage of the Columbia River treaty agreement to raise the existing Grand Coulee dam capacity from 2 million kilowatts to 9.2 million kilowatts, and that they are frankly curious as to how Canada's remaining hydro resources will be developed? Will the minister make inquiries as to the reason for this jubilation on the part of the United States?

Mr. Speaker: Order. The question may be of great importance, but I doubt whether it is acceptable in the way it is now asked. I understand that the hon. member would like to have a statement on the part of the minister. Perhaps the minister will do this on another occasion.

Mr. Herridge: Mr. Speaker, may I ask a question which is supplementary to the question you have ruled out of order?

Mr. Speaker: I will allow the hon. member to ask another question.

Mr. Herridge: I wish to direct this question to the Secretary of State for External Affairs. In view of these unexpected and recent developments with regard to increasing power production on the Columbia in the United States, did the minister anticipate these developments when he was assuring the standing committee on external affairs, when it was studying the Columbia River treaty, that half of the power production on the Columbia in the United States would be returned to Canada?

Mr. Speaker: Order. I have the impression that this supplementary or second question is of the same nature as the first one, and therefore cannot be accepted.

[*Translation*]

BANKRUPTCY

POSSIBLE LEGISLATIVE ACTION FOLLOWING COMMITTEE CONSIDERATION

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to direct a question

either to the Minister of Finance and Receiver General, or to the President of the Queen's Privy Council for Canada and Registrar General of Canada, or to either one of the parliamentary secretaries with respect to the legislation on fishing vessels.

Is the minister to which my question applies considering the possibility of appointing a parliamentary committee to review the various bankruptcies which have occurred, so that justice may be done to those persons affected by them?

[*English*]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I will take this question as notice and bring it to the attention of the Acting Registrar General when he returns.

HIGHWAY SAFETY

REQUEST FOR POLICY STATEMENT BY PRIME MINISTER

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I should like to direct this question to the Prime Minister. In view of the fact that in this our centennial year our highways will be taxed to the limit, will the Prime Minister make a statement now or within a few days and tell this house precisely where the government stands on the important aspects of highway safety, and what may be expected by way of leadership on the problem?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think that it would be appropriate on orders of the day to make a statement of that kind, which would be fairly lengthy. However, I can say that I had a very useful meeting with my colleague the Minister of Industry and members of the Canadian Highway Council the morning before last, when we assured them of our co-operation in the work that they are doing. Perhaps at a suitable opportunity the minister concerned will be able to make a statement in more detail.

FINANCE

INQUIRY AS TO TAXATION COMMISSION REPORT

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Prime Minister. When will the Carter report on taxation be presented to the house?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, may I answer this question because I think I have some later information than the Prime Minister. It is my hope that the Carter commission report, at least the first five volumes, will be submitted to me during the month of February, and I hope to table it as soon as I receive it.

Mr. L. M. Brand (Saskatoon): A supplementary question, Mr. Speaker. In view of statements made yesterday by one of the members of the Carter royal commission and the chairman of the Canadian Tax Foundation, I should like to ask the Minister of Finance whether he agrees with Mr. Vineberg that Canadians will be profoundly shocked and will suffer pain and anguish from the contents of the Carter report.

Mr. Speaker: Order.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, arising out of the question asked by the hon. member for Saskatoon may I ask whether Mr. Vineberg, one of the members of the commission, was correct when he said that the report would be made public on a Saturday, possibly February 11, 18 or 25, to avoid affecting the stock markets during trading hours. Was he also correct in the prediction that he made as to its contents, and the fact that a capital gains tax, not retroactive in effect, would be one of the recommendations?

Mr. Sharp: Mr. Speaker, I am sure the right hon. gentleman is more familiar with the views of this commission, which he appointed, than I would be. I have not read this report. I have the same information as is reported in the newspapers about the possible dates, but I really do not know anything more than that.

[*Translation*]

LABOUR RELATIONS

MONTREAL—REFUSAL TO RECOGNIZE BARGAINING UNITS AT ANGUS SHOPS

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Prime Minister.

Since the Canada Labour Relations Board has just refused to recognize normal bargaining units, with regard to the request made by the Angus factory workers, would the government finally agree to amend the federal Industrial Relations and Disputes Investigation

Act, so as to allow such normal bargaining units?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, an inquiry by experts is being undertaken at the present time into the field of labour legislation. Until they make their report to the government it would be premature to say what might or might not be done in this field.

[*Translation*]

Mr. Allard: A supplementary question, Mr. Speaker.

Is the Prime Minister aware that on October 25 last, 35 federal Liberal members from Quebec spoke publicly in favour of normal bargaining units?

Mr. Speaker: Order. This question is out of order.

[*English*]

NATURAL GAS

TRANS-CANADA PIPE LINES—SUGGESTED TWINNING OF LINE IN CANADA

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, may I ask the Minister of Energy, Mines and Resources whether he has seen the report emanating from Washington today indicating that the examiner for the federal power commission states that the commission will not make a decision on the Trans-Canada application until late this fall, and that there may be another two years delay as a result of commission hearings and court procedures. In light of this, is the minister contemplating asking the cabinet to ask the National Energy Board to reassess the situation with a view to twinning the line in northern Ontario immediately because of shortages of natural gas in both northern Ontario and southern Ontario?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the first part of the question stems either from the imagination of the newspaperman or of the hon. member; the suggestion is not to be found in the examiner's commentaries. With respect to the other point, I am quite sure that the hon. member is aware that an application would have to be made to the National Energy Board to do this. It would be entirely illegal to proceed otherwise.

[Mr. Allard.]

Mr. Peters: A supplementary question. Is the minister not of the opinion that the National Energy Board also has a responsibility to the Canadian government in—

Mr. Speaker: Order, please. The hon. member is now asking the minister to express an opinion and this, of course, is not in order.

ATLANTIC DEVELOPMENT BOARD

STUDIES HELD UP BY LACK OF QUALIFIED STAFF

On the orders of the day:

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, yesterday I promised to answer a question asked by the hon. member for Prince about possible delays in construction projects undertaken by the Atlantic Development Board. The information that I have from the board is that no construction projects have been delayed because of staff shortages, but some economic planning studies have been held up due to difficulties in obtaining staff with the necessary qualifications. I could give the hon. gentleman a list of those studies.

EXTERNAL AFFAIRS

AFRICA—REQUEST FOR ESTABLISHMENT OF EXTERNAL AID OFFICE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I should like to direct a question to the Prime Minister. I wonder whether the Prime Minister might consider contacting his parliamentary secretary, who is now on special assignment in west and north Africa, to see whether his itinerary might be diverted to enable him to visit central and east Africa to meet at first hand some of the 1,000 Canadians in that area who are serving under the external aid branch and CUSO, and who are reported to be complaining bitterly that they are forgotten men as far as the Canadian government is concerned.

May I ask further, if this is not possible, whether the Prime Minister would consider setting up a regional external aid office in the area so these dedicated representatives who serve Canada so ably might have more effective co-ordination and direction, which is so essential.

Hon. Paul Martin (Secretary of State for External Affairs): My hon. friend's question has undoubtedly been inspired by a story in a morning newspaper. The Prime Minister suggested that I reply to this question. I think

there is some justification for the allegations made in that story. In answer thereto I would simply say that the closing of the office in Salisbury has been partly responsible for the problems in Malawi and Zambia. I believe the situation will be corrected by the staff that has been sent to Kenya under the new ambassador.

CANADIAN BROADCASTING CORPORATION

APPEARANCE OF MR. VON THADDEN ON PROGRAM "SUNDAY"

On the orders of the day:

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, on Monday the Leader of the Opposition asked me whether the question of Mr. von Thadden appearing on C.B.C. television had been considered by the corporation's board of directors.

I am informed by the president of the C.B.C. that no formal reference was made to the C.B.C. board of directors, as the decision to withdraw the invitation to Mr. von Thadden to come to Canada and, instead, to interview him in Germany fell within established policy. In view of the widespread publicity surrounding the matter, C.B.C. management took the precaution of consulting some members of the board individually.

Mr. Donald MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. May I ask the minister if the C.B.C. management consulted with members of the board about the name mentioned by the right hon. Leader of the Opposition?

Miss LaMarsh: I have not any such information.

CANADIAN CENTENNIAL

PORTAGE LA PRAIRIE—AVAILABILITY OF CENTENNIAL TRAIN TO SCHOOL CHILDREN

On the orders of the day:

Hon. Judy V. LaMarsh (Secretary of State): May I also answer a question posed by the hon. member for Portage-Neepawa with respect to the confederation train. The hon. member suggested that during the three days the train would be in Portage la Prairie it would not be open all the time. I am informed by the officials in charge that during the three days—Saturday, Sunday and Monday—the train will be in Portage, it will be open for the entire period. I think hon. members should realize that there is only one train. It will be on the road for 331 days this year and will be unavailable to the public only for 15½ days, 10½ of which are to be taken up with travelling and 5, it is anticipated, for servicing.

PENSIONS

LEGISLATION RESPECTING PLANS UNDER FEDERAL JURISDICTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Finance. One of the very few items on the order paper to which the Prime Minister did not refer when he gave the list of business for the remainder of this session is the bill under the ministers name having to do with protecting pension rights and benefits in plans coming under federal jurisdiction. Will that legislation be proceeded with during the course of this session?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I am sure the Prime Minister did not mean to leave that out. Probably there is the suggestion, by inference, that smaller bills of this kind might be put in at odd times—

Mr. Pearson: Non-controversial items.

Mr. Sharp: Non-controversial matters such as this may be introduced at any time. I am ready to introduce this at any time.

Mr. Knowles: That is the way to make a bill controversial; call it non-controversial.

EDUCATION

ASSISTANCE TO PROVINCES TO PROVIDE TRAINED UNIVERSITY PERSONNEL

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I wish to direct a question to the Prime Minister based on a statement recently released by the presidents of the universities of Canada, that the most urgent responsibility for universities is to train graduate students as teachers, scientists and professional leaders. Keeping in mind that construction of new buildings has been stimulated by the federal health resources fund of $500 million, also that unless appropriate provisions are made to meet the demands of personnel the new buildings might not have the staff or the scientific equipment with which to operate, can the Prime Minister say whether the federal government will consider aiding the provinces in this urgent manpower need?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I agree with my hon. friend on the importance of the question. At the last federal-provincial conference we made proposals which will result in increased assistance to the provinces. The hon. member may also recall that in the list of legislative proposals I mentioned was a bill for further assistance to post-secondary education. Our proposals will be made at that time, and I hope that will be soon.

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I wish to ask a question of the Prime Minister. Some time before Christmas I asked the right hon. gentleman when the final report of the B and B commission would be available. At that time he felt it would be filed before Christmas. Could he shed more light on the matter at this time?

Right Hon. L. B. Pearson (Prime Minister): I can throw a little more light on it, Mr. Speaker. It is hoped that the report of this important commission will be made this summer. I certainly hope it will be.

Mr. Skoreyko: A supplementary question, Mr. Speaker. I hate to disagree with the Prime Minister when he calls it an important commission—

Mr. Speaker: Order, please. The hon. member should not argue; he should ask his question.

Mr. Skoreyko: I disagree that the commission—

Mr. Speaker: The hon. member knows he should not say that. He cannot enter into an argument. He may ask a supplementary question.

Mr. Skoreyko: In view of the delay, is the Prime Minister prepared to tell this house how many more thousands of dollars must be spent by the government of Canada on this absolutely ridiculous commission?

Mr. Speaker: Order, please. The question period has expired.

[Mr. Rynard.]

• (4:00 p.m.)

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed from Tuesday, January 24, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee resumed consideration on clause 74 and the amendment moved thereto yesterday afternoon, the hon. member for Bow River, on a point of order, rose to speak about the validity of the amendment. A number of committee members made statements for which I am grateful. At the end of these the committee extended to me time to examine the statements made. For that I am also grateful.

I apologize for not having been able to make a ruling last evening. Considering the fundamental rules of procedure involved and the complexity of the bill before the committee I thought it wise to take enough time to read the statements of hon. members, to read the citations referred to, and to compare the two proposals involved. I have done that and am prepared to rule if the committee wishes that I do so.

Some hon. Members: Agreed.

The Chairman: Does the committee wish me to do that now?

Some hon. Members: Agreed.

Mr. Pickersgill: Can it be understood that clause 1, on which the committee was proceeding last night, shall stand? When Your Honour has made his ruling we shall be on clause 74 and not clause 1.

Some hon. Members: Agreed.

The Chairman: The officials at the table advise me that when the committee rose last evening, clause 1 and the amendment of the hon. member for Calgary South were being considered. Is it the wish of the committee that clause 1 stand, and that I proceed with the ruling on the point of order, on clause 74 and the amendment?

Some hon. Members: Agreed.

On clause 74.

The Chairman: Yesterday, when the amendment proposed by the Minister of Fisheries to clause 74 of Bill C-231 was being considered by the committee, the hon. member for Bow River raised a point of order concerning the validity of the proposed amendment.

In his submission, the hon. member for Bow River contended that a question being made once and carried in the affirmative or negative cannot be questioned again, but must stand as a judgment of the house—particularly in respect of one bill and more particularly in respect of one clause. The hon. member went on to say that the Minister of Fisheries, in his proposed amendment to clause 74, is really trying to repeat what was set out in subsection 329 of clause 50 upon which a decision of the committee had already been taken. The hon. member also suggested that there was not sufficient variance in this amendment to constitute a new question.

Included in the authorities used in support of his point of order, the hon. member referred to citations 284 and 285, Beauchesne's third edition, and to citations 162 and 163 of Beauchesne's fourth edition, which are to be found on pages 136 and 137.

The Chair has read very carefully the submission made by the hon. member for Bow River and the citations to which he referred. Citations 284 and 285 of Beauchesne's third edition are essentially the same as citations 162 and 163 of his fourth edition. I should like to read citation 162 and also 163 of Beauchesne's fourth edition, now, as found on page 136.

A resolution may be rescinded and an order of the house discharged, notwithstanding a rule urged, "that a question, being once made and carried in the affirmative or negative cannot be questioned again, but must stand as a judgment of the house." Technically indeed, the rescinding of a vote is the matter of a new question; the form being to read the resolution of the house and to move that it be rescinded; and thus the same question which had been resolved in the affirmative is not again offered, although its effect is annulled.

To rescind a negative vote, except on the different stages of bills, is a proceeding of greater difficulty, because the same question would have to be offered again. The only means, therefore, by which a negative vote can be revoked, is by proposing another question, similar in its general purport to that which has been rejected, but with sufficient variance to constitute a new question, and the house would determine whether it were substantially the same question or not...

Sometimes the house may not be prepared to rescind a resolution, but may be willing to modify its judgment by considering and agreeing to another resolution relating to the same object. Thus, a resolution having been agreed to which condemned an official appointment, the house by a subsequent resolution withdrew the censure which the previous resolution had conveyed.

May I now proceed to citation 163:

A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session. It is possible, however, so far to vary the character of a motion as to withdraw it from the operation of the rule.

The Chair considers that citation 163 of Beauchesne's third edition, deals explicitly with the second paragraph of citation 285 of Beauchesne's third edition, deals explicitly with the question of order now before the committee.

The importance of this citation to the question now before the committee was underlined by the right hon. Leader of the Opposition when he specifically referred to it in his submission.

The hon. member for Winnipeg North Centre, in his contribution considered citation 163 as extremely relevant to the point of order before the committee.

In a most interesting contribution by the hon. member for Winnipeg South Centre, reference was made to citations from Bourinot's fourth edition and May's fifteenth edition. In presenting his supporting authorities the hon. member dealt in the main with the proposition that—

—a motion or amendment may not be brought forward which is the same, in substance, as a question which has been decided in the affirmative or negative during the current session. The rule may be fully stated as follows: No question or bill shall be offered in either house that is substantially the same as one on which its judgment has already been expressed in the current session.

The Chair has also carefully considered the contributions made by the hon. member for Medicine Hat, the hon. member for Edmonton-Strathcona and the hon. member for Acadia and, of course, the Minister of Transport as well as other hon. members.

In summary it would appear to the Chair that there is no disagreement either from the minister or from the other members who participated in the debate that a question once decided by the committee cannot be raised again in the same form in the same session. The real question is the application of the

rules. This was well stated by the hon. member for Peace River when he said this:

> The rules are there and the minister is not quarelling with them. The issue is the application of those rules to the fairly specific facts of this case. With this in mind, Mr. Chairman, what is the real pith and substance, the core or the root of what the amendment is trying to achieve? I submit we must compare the amendment with what the proposed section 329, which was struck out, attempted to do.

What is the rule? After considering all the authorities cited by hon. members it appears that the rule which most specifically applies to the present question is 163 of Beauchesne's fourth edition, at page 137, and I pray the indulgence of the committee for reading it again:

> A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session. It is possible, however, so far to vary the character of a motion as to withdraw it from the operation of the rule.

The problem which the Chair has to decide is whether or not the amendment moved by the Minister of Fisheries is sufficiently different from subclause 329 of clause 50 as to constitute a substantially different question.

In the final analysis the decision must rest on a judgment as to whether the two propositions are similar or substantially different. Hon. members will recognize that due to the complexity of the legislation it has been necessary in arriving at a decision, to make a very careful examination of the propositions enunciated in subclause 329 of clause 50 and the amendment moved by the Minister of Fisheries to clause 74.

In my judgment the two proposals are substantially different and for the following reasons:

Mr. Horner (Acadia): Shameful ruling.

The Chairman: 1. Subclause 329 of clause 50 dealt with statutory rates on the carriage of grain and grain products in western Canada. On the other hand, the proposed amendment deals with the whole field of statutory and other rates. This, in the opinion of the Chair, constitutes a substantial difference.

• (4:10 p.m.)

2. Subclause 329 of clause 50 would have provided for a single review. On the other hand the proposed amendment to clause 74 provides for continuing reviews. I also consider this to be an essential difference.

[The Chairman.]

3. Subclause 329 of clause 50 would have provided for a mandatory review. On the other hand, the proposed amendment to clause 74 provides for reviews on application by the railway companies. I suggest that this is a further substantial difference.

Some hon. members have argued that while these two approaches are different the effect would be the same. This too is a matter of judgment, but not for the Chair.

I was impressed by the submission made by the hon. member for Winnipeg North Centre when, in dealing with citation 163 of Beauchesne's fourth edition, he stated that in comparing the two proposals the word "object" was crucial to the discussion. I have given particular attention to this point of view in arriving at my decision, but for the reasons which I have given in my comparisons of the two proposals I am of the opinion that the objects are substantially different in each case. Therefore I propose to accept the amendment and to submit it to the committee.

Mr. Horner (Acadia): A shameful ruling; a partisan ruling.

Mr. Churchill: Mr. Chairman, the committee is grateful for the care and attention you have given to this ruling but regretfully, sir, I must appeal the ruling to the Speaker.

• (4:20 p.m.)

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

> Mr. Speaker, the question is an appeal to Mr. Speaker from a decision of the chairman of the committee of the whole pursuant to section 4 of standing order 59. In committee of the whole when clause 74 of Bill C-231 was being considered, the hon. Minister of Fisheries proposed an amendment as follows:
>
> "(a) by striking out lines 35 to 38, inclusive, on page 62 of the Bill, as reprinted, and by substituting therefor the following:
>
> Reductions continued. "468A. (1) The reductions in rates that, immediately before the coming into force of Part V of the National Transportation Act, were in force by virtue of section 468 continue in force subject to subsections (2) to (4)."
>
> (b) by striking out line 30 on page 63 of the Bill, as reprinted, and by substituting therefor the following:
>
> "that are subject to Order No. 96300 of the"
>
> (c) by adding immediately at the end of page 64 of the Bill, as reprinted, the following:
>
> Definitions. "470. (1) In this section,
>
> "Statutory rate." (a) "statutory rate" means a rate for the carriage of any commodity between points in Canada maintained for the public

benefit at a rate or level of rates specified in this or any other Act of the Parliament of Canada; and

"Substituted rate." (b) "substituted rate" means a rate fixed by the Commission under this Act or substituted for any rate disallowed by the Commission pursuant to this Act.

Application. (2) Subject to subsection (3), a railway company under the jurisdiction of Parliament may make an application to the Commission to investigate the revenues and costs attributable to the carriage of any commodity by the company at a statutory rate or substituted rate.

(3) No application shall be made under subsection (2)

Limitation. (a) in the case of a statutory rate, until after the expiration of two years from the coming into force of this section, and

(b) in the case of a substituted rate, until after the expiration of two years from the day that the substituted rate became effective.

Report and recommendation. (4) After an investigation under this section, the Commission shall report its findings thereon to the Governor in Council and shall recommend in its report the amount of payments, if any required in the opinion of the Commission to assist the company to meet its costs of operation in respect of the carriage of any commodity at a statutory rate or substituted rate."

Whereupon the hon. member for Bow River raised a point of order to the effect that the amendment endeavoured to reintroduce into the bill a provision which had been set out in subclause 329 of clause 50, and since that subclause had been deleted from the bill by a vote of the committee and that as there was not sufficient variance in the amendment to clause 74 to constitute a new section, the vote on subclause 329 must stand as the judgment of the committee.

The Chair ruled that in his judgment the two proposals are substantially different for the following reasons:

1. Subclause 329 of clause 50 dealt with statutory rates on the carriage of grain and grain products in western Canada. On the other hand, the proposed amendment deals with the whole field of statutory and other rates. This, in the opinion of the Chair, was a substantial difference.

2. Subclause 329 of clause 50 would have provided for a single review. On the other hand, the proposed amendment to clause 74 provides for continuing reviews. The Chair also considered this to be a substantial difference.

3. Subclause 329 of clause 50 would have provided for a mandatory review. On the other hand, the proposed amendment to clause 74 provides for reviews on applications by the railway companies. It was the opinion of the Chair that this too was a further substantial difference.

Therefore, for the reasons just stated, the chair ruled the amendment to be in order. Whereupon the hon. member for Winnipeg South Centre appealed the chairman's ruling to the Speaker.

Transportation

Mr. Woolliams: Mr. Speaker, before dealing with the argument in reference to the appeal which is before you, if it is possible I should like to speak to a point of order within the point of order with reference to the appeal. With the greatest respect, since the ruling is so important, particularly the last part, I should like to ask that we go on with something else until we have a copy of the chairman's judgment. In making my argument I would suggest that this is such a serious matter that it affects not only the Railway Act itself but, in my opinion and in the opinion of many other members to whom I have spoken in the past few moments, the very rules which make up this parliament. In our opinion this action now would allow the minister to do again what he once did. We should like to have a copy of the chairman's judgment, particularly where he differentiated between section 329 and the amendment to clause 74.

We should like to have a copy of that judgment so that we would be in a position to intelligently and logically and properly answer it. I feel there should be an opportunity to have a proper appeal and have the facts laid very carefully before you. As a result of my experience over a period of nine years in this house under different speakers I have a great deal of confidence that you will weigh the facts and the law most carefully. Although this is not criticism of anyone, I am a little surprised that copies have not been made available to members who took an active part in the argument yesterday.

Mr. Speaker: I am not too sure what can be done about circulating a copy of the judgment. I appreciate, however, that it might be difficult for hon. members on both sides of the house to argue either in support of or in opposition to the judgment of the chairman without having that judgment before them. I also would like to have an opportunity to study it. I am open to suggestions from members of the house on this particular point.

Mr. Woolliams: May I make the suggestion that since we still have clause 1 before us, without delaying the proceedings we might, with the consent of the Minister of Transport and other hon. members, go on with that debate while some of us study the judgment so that we will be in a position more intelligently to argue the case on appeal before you. We believe the decision which Your Honour will make will be one which is on something that is very fundamental. We also feel that if the amendment of the minister is allowed to stand, parliament will be usurped.

Mr. Pickersgill: Mr. Speaker, I am sure the hon. member for Bow River who has made a very reasonable suggestion, in which I had intended to join him, on reflection would wish to withdraw the last few words he used. If he would do that, I would join with him in the suggestion that the hearing of the appeal be adjourned so that we might carry on with something else, because I feel just as strongly as he does on this matter. After all, it was my motion. This sometimes seems to be forgotten. I think I too should be given the opportunity to judge and weigh this matter. I listened very carefully and the judgment did say that this is a very intricate matter. I agree. I think that all of us who are concerned with preserving the rules of the house would wish that Your Honour should hear a most considered presentation before the appeal is determined.

I am sure the hon. gentleman, when speaking with some warmth, did not wish to reflect on the Chair. I would suggest that Your Honour leave the chair and that we proceed in the way which the hon. member for Bow River has suggested. We could go on with clause 1. There also is an amendment in respect of it which perhaps could be disposed of. Also there may be some further general debate. I am not sure we would wish to carry clause 1 before we finally have determined the other matter, but we might spend some time on it. I fully recognize, as does the hon. member, how important it is that we uphold the rules of the house and have a right decision, whichever way it may go.

Mr. Churchill: Mr. Speaker, I think these suggestions should be carefully considered by Your Honour. We now are dealing with a new rule in respect of appeal to the Speaker. It is on a different basis than it was in recent years. This particular problem of whether the ruling of the Chairman should be placed in the hands of the members is something which has not cropped up before.

Under these circumstances—and this may apply in the future—I think when the house is considering a subject which is as serious as this that we should have a break and that members of the house should not immediately be called upon to argue the point of order before Mr. Speaker, without having a full opportunity to study the judgment of the Chairman. It happens, in this particular debate, that we could go back into committee to deal with clause 1. We may in the future have occasions when we would not have anything quite so convenient to go back to; nevertheless, it is important that we have an opportunity to study the judgment.

Mr. Speaker: The hon. member of course is suggesting a change in the rules. I believe however that it would be the part of wisdom to deal with this particular case, which I think is complicated enough, and forget about what might happen in future circumstances.

• (4:30 p.m.)

In this particular instance obviously there is unanimity that hon. members be given an opportunity to study the ruling of the Chairman of the committee of the whole. Therefore I propose to leave the chair, so the committee may resume its work which was interrupted when consideration of clause 1 commenced.

Mr. McIlraith: Mr. Speaker, before you leave the chair I wonder whether the hon. member for Bow River (Mr. Woolliams) would withdraw the last few words of his closing sentence, which did not seem to relate to the—

Mr. Speaker: Order, please. It is my understanding that the hon. member for Bow River indicated he meant no reflection on the Chair.

Mr. Woolliams: Mr. Speaker, I would be the last to cast reflection. I may have used the words "could usurp parliament". I should like to thank Your Honour for giving us an opportunity to consider this ruling. It is important and I appreciate that generosity exercised within your discretion. I do not know when our remarks will be heard on this subject, but we will have some time to consider it, particularly if copies are made available.

Mr. Nesbitt: Mr. Speaker, I should like to refer one point to your honour for consideration in relation to the remarks of the hon. member for Winnipeg South Centre (Mr. Churchill). Because of unusual and important circumstances the question at issue, as referred to in the judgment of the Chairman of the committee, does not actually involve an interpretation of the rules. It is not a question of law but rather a question of fact.

Perhaps Your Honour would consider the suggestion that under similar circumstances when questions of fact must be decided they be referred to members of the house, and that when questions involving only interpretation of the rules are involved they be referred to Your Honour for decision. I just throw that

suggestion out for Your Honour's consideration.

And the house having resumed in committee.

The Chairman: The committee will now proceed to a consideration of clause 1 and the amendment moved thereto by the hon. member for Calgary South.

On clause 1—*National Transportation Policy.*

Mr. Pickersgill: Mr. Chairman, the hon. gentleman's amendment was not actually put to the committee last night. That was at my request, because I wished to consider overnight whether this kind of amendment is competent to be moved under this bill.

I was quite tired last night and perhaps my faculties were not all they should have been, but when looking at the amendment I felt it went beyond the scope of the bill, in the same way the amendment moved by the hon. member for Nickel Belt went beyond its scope.

I realize that this is not strictly speaking a point of order, but there is another problem we must consider, and that is whether or not the amendment seeks to do something which, if it were to have any legislative effect, could only be done after an amendment to the constitution had been made and, perhaps in all cases, could be done only by a provincial legislature. I do not particularly want to enter a discussion on that point, but perhaps your honour would consider it.

This bill seeks to lay down a national railway policy, but does not in any way seek to make any provision in respect of municipal affairs, municipal taxation, the apportionment of municipal taxation or the appropriate burden to be borne by one person in a municipality as compared with another.

As to whether this amendment goes beyond the scope of the bill, it might be argued that clause 1 is only declaratory of principles, and that it has no operative effect, though it is intended to guide those who will make decisions in respect of those clauses which do have an operative effect. It does seem to me that it would be rather difficult for these proposed amendments to be related in any way to any of the operative parts of the bill. Perhaps your honour would consider the question as to whether this amendment does go beyond the scope of the bill.

Mr. Baldwin: Mr. Chairman, I am not sure I am entitled to speak to the merits, but before attempting to do so I wish to deal with the point referred by the minister for your honour's consideration. If you read the amendment you will note, as the minister pointed out, that it suggests there be an insertion to the declaration of policy or intent. It cannot be considered that any part of clause 1 constitutes an imperative or mandatory direction to the government. It simply suggests that in the view of this house the national transportation policy should contain certain things, and that the government and the Transport Commission to be appointed should take into account certain things in rendering a judgment.

The hon. member for Calgary South was careful in his amendment and included the words "so far as practicable". That is very important because those words can be stretched far enough to include a direction to the commission and the government to do something so far as practicable within the terms of our constitutional limitations. If an argument in this regard is to be raised in a serious way I hope the minister will direct our attention to the specific statutes which might constitute a constitutional barrier. I think I have an idea what they are.

Not only does the argument in respect of this amendment involve a constitutional aspect, it involves, as the minister has stated more peremptorily, the question as to whether it goes beyond the original scope of the bill.

The amendment in part states:

> (ii) each mode transport, so far as practicable and without prejudice to any single mode, bears a fair proportion of the costs of local government services in those municipalities in which the mode of transport operates.

I think by this amendment the Transport Commission is being directed in its deliberation to bear this in mind. Surely that was the purpose of the hon. member for Calgary South, and it is a very laudable purpose. I can recall that not so very many years ago the city of Winnipeg initiated proceedings, which went as far as the Supreme Court of Canada, and possibly as far as the Privy Council, challenging the right of the Canadian Pacific Railway to exempt itself from the payment of local taxes in this way. I remember that case well because I was involved at that time in a consideration of other aspects which dealt with Crowsnest pass rates.

Many of us in the west feel that if the C.P.R. was right in one instance in insisting on a rigid adherence to the letter of the law, the statutes and statutory contracts, it should adhere to the letter of the law so far as

statutory rates are concerned. At that time the railway companies were making a very great "to do" about trying to get out of the Crowsnest pass rates, on the basis that they were not compensatory. This is all that I will say on the merits of the amendment. I strongly support the very reasoned and excellent arguments made by the hon. member for Calgary South.

• (4:40 p.m.)

On the question of the point of order I wish to direct Your Honour's attention to what I have brought out previously on the use of the words "as far as practicable," plus the fact that it is not a mandatory direction to the government or to the board but simply a statement of very sound, sensible and wise policy. Of course in the implementation of that policy the Transport Commission will be guided and bound by the more specific rules which are contained in other parts of the legislation. Therefore I ask Your Honour to rule that the amendment is in order, and that in expressing its views the committee may be divided on this amendment.

Mr. Knowles: Mr. Chairman, I should like to say a few words with respect to the point of order raised by the Minister of Transport. I gather that he has raised it seriously and is asking your honour to rule whether or not the amendment moved by the hon. member for Calgary South is in order. In addition to the arguments just made by the hon. member for Peace River, may I ask your honour to take note of subclause (b) of clause 1 which immediately precedes the spot at which the hon. member for Calgary South would insert his additional words. Subclause (b) as it appears on page 12149 of *Hansard* of January 23 reads as follows:

(b) each mode of transport, so far as practicable, bears a fair proportion of the real costs of the resources, facilities and services provided that mode of transport at public expense;

The hon. member for Calgary South proposed that that paragraph be followed immediately by the following subclause:

each mode of transport, so far as practicable and without prejudice to any single mode, bears a fair proportion of the costs of local government services in those municipalities in which the mode of transport operates; and...

It seems to me that there is a substantial degree of similarity between these two subclauses. If the one which the government wishes to appear in clause 1, which is now in the name of the Minister of Public Works, is within the scope of the bill and is intra vires of the powers of the federal parliament, then the same thing follows with respect to the other one. There is a reference in the government's subclause to resources without identifying them, and we know who has the responsibility for natural resources in this country. There is also a reference to facilities and services provided at public expense without specifying at what level of public expense.

If it is in order for the government to ask these points to be considered in relation to areas which may be federal, provincial or municipal, why is it not in order for the hon. member for Calgary South to ask for the same thing? In other words, I think the hon. member for Calgary South is simply making very clear one particular aspect of what is set out in the government's subclause (b). The government might have argued that since the cost of public services is mentioned in subclause (b), what the hon. member for Calgary South is asking for is covered. He is simply asking that it be clarified.

Therefore, taking up the two points that the minister has raised, namely the scope of the bill and the question of whether it is ultra vires or intra vires, I would suggest that on both counts if subclause (b) as proposed by the government is in order, then so is the addition proposed by the hon. member for Calgary South. I would therefore support the request made by the hon. member for Peace River that Your Honour find the amendment in order.

Mr. Olson: I have listened to the statement made by the Minister of Transport in support of the argument that the amendment is out of order, in that it becomes a matter ultra vires of this parliament and of part of the constitution. I do not understand why the content of this amendment would be a violation of the constitution rather than dealing with railway statutes and agreements.

Mr. Pickersgill: I should like to address myself to that point in direct reply to the hon. member for Winnipeg North Centre. Subparagraph (b), or is it subclause (b)—some day I will take a course in terminology so as to know how to refer to the segments of the bill, and then I will probably be defeated—

Mr. Bell (Saint John-Albert): There may be plenty of time yet.

Mr. Pickersgill: Not on this bill, I hope. Subclause (b), whether or not it can be interpreted in the very ingenious way in which the hon. member for Winnipeg North Centre

[Mr. Baldwin.]

sought to interpret it, is designed to deal only with those matters over which parliament has legislative competence. "Resources", as used in this subclause, does not mean natural resources. It means public resources, public facilities and public services that are used by a carrier, such as airports. An airport is a very good example, and so is a meteorological service. I suppose also that the National Transcontinental railway is a good example. It is a public facility belonging to the Crown, used by the C.N.R.

What is meant here is that, so far as practicable, a carrier should bear a reasonable share of the costs of airports instead of that cost being charged to the taxpayers. This is entirely within federal jurisdiction and it is a principle which could be applied in an adjudication by the commissioner or by the courts in relation to matters which are entirely within the scope of the legislative jurisdiction of this parliament.

The C.P.R. case is a special one. In so far as any other mode of transport such as the National Transcontinental railway or the Prince Edward Island railway or any of the Crown-owned railways which do not pay taxes is concerned, it is rather academic to raise this matter because the government has indicated quite clearly that it intends as a matter of policy to pay grants equal to the tax which would be paid anyway, and this does not require any legislation because it is possible for the government to authorize that now.

However, the real problem which I have with this wording is that in any adjudication under the power of the commission, which is supposed to take into account the principles as set out here, there would be an implication that the commission should do something about this, or perhaps it is just a humble prayer and petition to the carriers.

• (4:50 p.m.)

If it is thought that the commission should do anything about it, is this not what would happen? The requirement that each mode of transport, so far as practicable, bear a fair proportion of the cost of local government services in those municipalities in which the mode of transport operates would, it seems to me, place the commission in the position of being required to make a study of what constituted a fair proportion of the cost of local government services. This would of necessity, require the commission to review the cost of local government services, and what others were contributed. Fairness is not something you pick out of the air. Surely, it is something you determine in relation to what somebody else is doing. There would no doubt be a determination of the total cost of services, and the contribution made by taxpayers and groups of taxpayers. It does not seem to me that any of these consequences could flow from the importation of those words into clause 1.

Consequences could flow from the present clause 1(b). It is quite clear the commission could decide that air lines were not paying an adequate proportion of the cost of the services they were receiving from airports or from the meteorological service. I just pick that illustration out of the air as an example of what is really intended—or that the wharfage being paid at ports was not a sufficient contribution by the carriers using the facilities provided at ports. It does not seem to me there would be any way, without intruding into matters that are not within our jurisdiction, of making any kind of inquiry whatever to determine whether the consequences that should flow from this provision would, in fact, flow from it.

If for example a municipality made application to the commission to have an investigation made to ascertain whether carrier X was paying a fair share of the cost of services in the city of Saint John, would the commission be able to hear that application? How would it go about making a determination? How would it go about establishing any jurisdiction to make a determination. It seems to me it is far better to rely upon the laws of those who have the power to make laws that are applicable.

We have the agreement of Canadian Pacific Railway to a constitutional amendment at any time we can get the appropriate constitutional amendment at Westminster or here, if the hon. member for Kamloops should ever be successful in his valiant effort, which I commend and commended at the time, to repatriate our constitution. This would be even better, so far as I am concerned. If such a course was possible, I would be the first to support that action. I understand that in another century this House of Commons used to pass resolutions from time to time in favour of home rule for Ireland. I suppose that matter would scarcely come within the legislative jurisdiction of this parliament. These resolutions were not put into statutory form, it is true. However, I have always been just a little bit allergic to putting these declamatory statements into statutes, although I did vote

for some very grandiloquent suggestions of that kind introduced by the right hon. gentleman who now leads the opposition. Perhaps my enthusiasm was more restrained than his was, but I still voted for it.

It may not be very serious to have this declaration in the bill if everyone understands that it was an expression of a pious hope, nothing more. A lot of people do not understand the distinction between our jurisdiction and the jurisdiction of the provincial legislatures. I would be a little fearful, although I am sure the hon. member for Calgary South would not have any such intention, that ordinary citizens might think we were going to compel somebody to do something if this provision was in the bill. I just do not like to deceive people because we could not compel anybody to do anything. Whether or not this amendment is in order, I really do not like the amendment very much because it seems to me it could have no positive legislative effect. I think it might arouse hopes and expectations which, because they could not be realized, would tend to discredit us as legislators. I believe it is a sound principle of legislating to try, so far as possible, to make laws that could have some effect, and not to make laws that are merely expressive of aspirations.

Having said that, sir, I really do not feel that the world would come to an end if this amendment was held to be in order rather than out of order. I do feel it is probably beyond the scope of the bill. It does suggest we are trying to enter into a field where it is really beyond the scope of this parliament to legislate effectively. I know that is not against the rules. We could make a law here dealing with property and civil rights if we wanted to do so. However, it would not be law after the courts got at it. There is nothing to stop us from making such a purported law. I believe that the only possible place for the amendment would be in clause 1. I do not know of any other place in the bill in which you could possibly put it.

Clause 1 does set out certain principles. In so far as other public agencies are concerned which make use of the facilities of municipalities, such as railways, the harbours board, post offices and other public buildings, we have accepted the principle that we should not shelter behind the immunity of the crown but should make an appropriate contribution. Perhaps it would not be too much to say we think that pipe lines—and that is what we would be saying—interprovincial bus lines, interprovincial trucking lines, lines of shipping and railways, indeed any form of transport coming under federal jurisdiction, ought to make a reasonable contribution to municipal revenues.

I do not believe such a declaration would be out of accord with what is generally recognized to be good policy nowadays. However, I have some hesitation about putting such a provision into the bill when, as I say, I do not believe it would have any real effect. Having said that, I leave the matter to Your Honour.

Mr. Baldwin: May I ask the minister one question? Does he not agree this provision is entirely in the same category as that contained in paragraphs (a) and (c), which are simply declarations of honesty. For instance paragraph (c) reads:

> (c) each mode of transport, so far as practicable, receives compensation for the resources, facilities and services that it is required to provide as an imposed public duty;

Is there not just a hope that this will be realized, in the same way as the hon. member's amendment expresses a hope that this will be realized?

• (5:00 p.m.)

Mr. Pickersgill: I do not think so. Later in the bill we have given the commission specific directions with respect to preservation of competition. For example, at the instance of the hon. member for Port Arthur we inserted in clause 20 a provision to enable the commission to look at mergers between one mode of transport and another in order to see whether they did not unduly restrict the ability to compete. In various ways we have made an effort to have carriers contribute a fair proportion of the cost of the federal resources that they use.

As far as (c) is concerned, we are very specifically making provision for payments. For example, if a branch line that is losing money must be retained in the public interest, then a payment is made to the railway for doing so. If a passenger service which we consider to be in the public interest is losing money but should be retained, then a contribution is made there. So that all of these provisions in the bill are given some legislative effect as well. However, I suggest that this amendment is something to which nc positive legislative effect could be given anywhere else in the bill, and in that respect it is quite different.

Mr. Olson: Mr. Chairman, the Minister of Transport has a perfect right to disagree with

the suggestion that this amendment should be inserted into clause 1. He also has a perfect right to disagree with the arguments that have been advanced in support of it. But I do not believe that he has any right to try to prevent members from moving amendments with which he disagrees on the basis that they are out of order.

What we are discussing at the moment is not whether the amendment is a good or a poor amendment or is a declaration of principle. What the minister did last night was to raise a point of order in an attempt to prevent the hon. member for Calgary South moving an amendment, and he did so on the ground that it was out of order.

Mr. Pickersgill: Mr. Chairman, I know the hon. gentleman does not want to be unfair. All I did last night was to reserve my right to raise a point of order; and I have raised it in a pretty tentative fashion today.

Mr. Olson: The fact remains, Mr. Chairman, that we are now discussing a point of order. We could develop arguments for or against the advisability of inserting this amendment into clause 1; but this, in my opinion, is not related to the point of order which is now before the committee as to whether or not the hon. member for Calgary South is competent under the rules to move this amendment at this time.

I suggest, Mr. Chairman, if you are troubled by the argument advanced by the Minister of Transport that there is some constitutional impediment involved, that you should look at the other two clauses brought in by the hon. member for Peace River and the hon. member for Winnipeg North Centre. If the minister's argument is correct he is also violating the rules of this house by putting in such provisions as:

> (a) regulation of all modes of transport will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other modes of transport;—

The federal Minister of Transport can transfer no authority to this new Transport Commission with respect to highway transport within a province. Certainly that is one mode of transport that will be competing with other modes. Furthermore he has no constitutional authority, and neither has this house, to confer upon this new Transport Commission the right to interfere with interprovincial highway transportation, as far as bearing a fair proportion of the cost of federal resources is concerned.

I could argue for some time on this point, Mr. Chairman, but all I want to say is that I do not think the minister should try to make the argument that there are constitutional impediments in the way of the hon. member for Calgary South in his attempt to move this kind of amendment, when the very argument that he is using would in fact have prevented him from bringing in provisions already contained in clause 1. I hope the minister will be fair and will withdraw all of his objections, so that the motion can be put, and then we in this committee will decide whether or not it is advisable to make this addition to clause 1.

Mr. Pickersgill: Unless the hon. member for Kamloops particularly wants to say something, I must say that I have been somewhat impressed by the arguments of the hon. member for Peace River; I confess I was less impressed by the hon. member for Winnipeg North Centre. I was also impressed by one of the arguments made by the hon. member for Medicine Hat, though I do not think it would apply. I think it is inferred that only federal resources are involved, but I do see what he means. We could not say anything about how much an interprovincial trucking company should contribute toward roads in, say, the province of Alberta; that would be quite impossible of course.

The words can be construed in various ways, Mr. Chairman. I was pretty tentative when I started my argument, but I do not think I should impose upon Your Honour the need for making any decision in this matter. Quite frankly, from my argument about the point of order I think hon. members will have gathered that I do not very much like the amendment, but I am quite willing to leave it to the committee to decide whether to include it in the bill.

Mr. Fulton: Mr. Chairman, I should just like to express appreciation to the minister for the attitude he is taking, which should save the time of the committee. I think just to complete the record on *Hansard* this point should be made.

On the question whether the matter is intra vires or ultra vires, there can be no argument that this parliament has absolute jurisdiction over railways of the nature of the C.P.R. and the C.N.R. If this parliament has jurisdiction, then it can legislate with respect to the rights and obligations of those railways in the conduct of their business in Canada. The minister might feel that it is improper for us to require them to pay municipal taxes if, as

they argue, there is some contractual exemption. But that, as has been pointed out, is a matter of opinion, this requirement is not beyond our power.

By his attitude the minister has shown that he will not press very hard the point as to whether it is ultra vires. Whether or not anyone feels that this should be done, it is certainly within our power to do it. I thought that this point should be made, Mr. Chairman, because I would hate to be casting my vote for any amendment which I felt might be ultra vires.

Mr. Schreyer: Mr. Chairman, I want to ask the minister for an opinion; I gather that sometimes he does not mind giving one. Even if the amendment carries it is merely a declaration. To give effect to it, it would be necessary to bring in some consequential or ensuing amendment to other statute law. Is that not the case?

Mr. Pickersgill: Mr. Chairman, if the house saw fit to adopt the proposed amendment of the hon. member for Calgary South, then while not imposing a legal obligation it would impose, I think, a moral obligation on the government to do what it has announced it intends to do anyway, and that is to require the Canadian National Railways—it may, of course, do this itself through the treasury, which in the end might amount to the same thing as a result of the present state of the books of the railways—to contribute the equivalent taxes paid by the crown railways, which are now immune from taxation.

• (5:10 p.m.)

I think if parliament expressed this view and the government did not tell the Canadian National to do that, we should be acting in contempt of parliament, whether or not it would have any legal effect. I do not think any government therefore would be required to legislate to force trucking companies, pipe lines or other bodies to pay municipal taxes. We might decide to do that, but I think it would be better if this part said "pay the current rate of municipal taxation" rather than "a fair proportion of the costs". I do not know how you would determine a fair proportion without intruding into matters where we have no capacity to intrude into. That is about the best answer I can give, and perhaps I have gone further than it is wise to go.

Mr. Alkenbrack: Briefly I want to ask the minister a question. I am in favour of railways paying taxes to municipalities, or grants in lieu of taxes, in the same way as the federal government reimburses municipalities for its presence in a municipality. From my brief municipal experience I have learned that the railways pay a limited form of municipal tax on buildings in a municipality, and possibly on their switching and yard arrangements. Out on the lines of communication, the track through the rural sections of the country, I do not think the railways pay taxes. I ask the minister to tell us on what the railways do pay taxes.

Mr. Pickersgill: I will get that information for the hon. gentleman. I could not give it to him now.

Mr. Ballard: I shall be brief, having in mind that I moved the amendment. I know the minister considers the clause we are discussing innocuous. That is why he is so even tempered this afternoon. He is not exercised about this clause being in the bill. In my opinion this amendment secures the objectives of clause 1. After all, clause 1 is the statement of objectives in the bill, to rationalize transportation in Canada. Clause 1 says that the railways should receive a fair return for services performed, and paragraph (b) says that each mode of transport will pay for those service it receives. The amendment expands this a little. It says that the railways shall pay for services received at the municipal level.

Arguing that this is not fair is defeated by the minister's saying that he will issue instructions to the Canadian National, the government-owned railway, that it shall pay full municipal taxes with passage of this bill. All we are asking, by including this objective in clause 1, is that the Canadian Pacific shall act as a good corporate citizen and follow the lead, laid down by the Minister of Transport, of the Canadian National.

I can say, speaking as a western Canadian member, that the Canadian Pacific has received for 85 years a bonus or subsidy from municipalities of western Canada. At the present time this subsidy runs between $2.5 to $3 million a year, and it is time it ended. It is all right for the federal government to give a subsidy—it intends to do that—but as the municipalities of western Canada have paid to the Canadian Pacific a subsidy for the last 85 years, it is high time that subsidy were ended.

One can argue that we shall change the agreement made with the Canadian Pacific in 1881, which said that the Canadian Pacific

shall not be subject to municipal taxes. But the minister already unilaterally has abrogated the provisions of that agreement—perhaps I should say, he proposes unilaterally to abrogate the provisions of the 1881 agreement. That is the effect of the other amendment being considered by the committee. The minister's words in connection with this amendment were that "no consequences can flow from these words". If the words in this amendment are innocuous, why can they not pass? Why can the amendment not pass? In the minister's words the amendment has no effect on the bill. We could pass it, I suggest, without doing any damage to the bill and without changing the status quo.

One provision and stated intention of the bill, in the minister's words again, is to put the railways on a basis to charge compensatory rates. If this bill passes, the expenses of the Canadian National by way of taxes will be greater than those of the Canadian Pacific, because the Canadian Pacific is exempt. This means we automatically give the Canadian Pacific an unearned profit or subsidy, and no comparable subsidy is paid to the Canadian National.

Taking all this into consideration, I think the committee ought to adopt this amendment without a twinge of conscience.

Mr. Churchill: Listening to the minister's words a few minutes ago I understood him to say—and I do not want to misquote him—that this amendment was innocuous, that there would be no difficulty if it were written into the bill, and so far as he was concerned we might as well get on with it.

Does the minister intend to accept the amendment? Or was he, in his roundabout way, saying, "Let us have a vote, because we have sufficient Liberals in the committee now, as we did not have last week, to settle the matter". The minister talks this way, pretending that everything is all right, that he has no objection, and that we had better deal with it. I think he means that he wants to vote the amendment down. Why does he not say so? Why does he not say he is unalterably opposed to the amendment? He keeps talking until the poor Whip can assemble the Liberal sheep, that they may vote as the dictator states. Instead of admitting that, he told the committee, and I heard him say this, that it is innocuous, and that we might as well get on with the business. All he meant, in the double meaning so frequently found in his remarks, was that he would not pass it, and he was waiting for his members to come in.

• (5:20 p.m.)

I think we should take a good look at this. If the minister thinks it is innocuous and might be accepted, why cannot he say so? He does not mind repeating himself; he has been doing it now for two weeks. I want to know whether he has answered the question which the hon. member for Calgary South asked last night. Consider that phrase in a letter quoted from the president of the C.P.R.—this is on page 12209 of *Hansard*. The president is talking about the taxes the company is prepared to pay—

> —one third for the year commencing January 1 after legislation is enacted modernizing and rationalizing existing legislation and taking into account, among other things, the effective changed conditions of freight rates otherwise fixed.

A very interesting sentence indeed, and one which is carefully worded so that if the legislation did not pass the house in 1966, payment of taxes would be deferred until 1968.

In the fall of last year it was obvious to everybody in the country that the railway bill would not be through the house before Christmas, although the Minister of Transport talked to us and said: Look, the committee has settled all this; why cannot we pass it in about two days and then the C.P.R. will be obliged to start paying municipal taxes. This was the carrot held out to the house. I recall the minister saying this to us, though he knew, and we knew, that it was impossible to get the bill through before Christmas. No doubt this was because the minister had been superseded in the hierarchy of the cabinet by the minister of health and welfare—

An hon. Member: And by the minister of defence.

Mr. Churchill: —particularly by the minister of health and welfare, who had to get his bill through the house. The Minister of Transport is downgraded and pushed to one side. I am not so sure, now, that it was not all arranged. I do not like to be suspicious and cast innuendos, but was this all arranged so that there would be a postponement of the transport bill to the end that the C.P.R. would not have to pay taxes until 1968?

Mr. Pickersgill: Mr. Chairman—

Mr. Churchill: If the minister will sit down, I will do the talking. Nothing will prevent his getting up to speak as soon as I have sat down, and the committee will suffer accordingly. I know that, because he has been on his feet every hour on the hour; he has had

something to say about every amendment, every section which has been presented to the committee. He is the man who knows all about transportation.

Some hon. Members: Hear, hear.

Mr. Churchill: He does not need any advisers. Oh, no, this is the big play. He is regaining the position he lost before Christmas to the Minister of National Health and Welfare. He has a claque behind him, now. This is a man with leadership ambitions. Everybody is here to support him. Look at his strength in the cabinet now. The minister of defence will be worried. He is slipping.

Now let us look closely at this question. The hon. member for Calgary South said, and I quote his words

> In no place in his letter does he say what he means by "modernizing and rationalizing existing legislation". If some portion of this legislation should not convey the meaning which the president of the C.P.R. had in mind when he made this offer, I wonder whether his offer would be withdrawn. He mentions also "the effective changed conditions on freight rates otherwise fixed".
>
> When he mentions fixed freight rates does he include the Crowsnest pass rates, for example?

I ask the minister to give an effective answer to the hon. member for Calgary South with regard to that most pertinent question. There is a condition in that letter. We sometimes wonder who is pushing the minister around. Is there somebody behind the scenes directing him as to his conduct of this bill through the house? What is the answer to that?

Why will not the C.P.R. change its letter and say "in view of the unexpected delay last fall our letter will be modified accordingly, and the date will read January 1, 1967 instead of January 1 after the legislation has been enacted."? That was the intent of the letter of August 29, 1966. Why should not that intent be carried through? Why cannot the minister tell us that the letter will be altered and he had another letter from the C.P.R. which he is prepared to table, or read out, showing a new date of January 1, 1967?

That reference to changed conditions of freight rates otherwise fixed—is this the reason for pursuing an investigation into the Crowsnest pass rates? The word is going across western Canada that the Minister of Transport and the Liberal party are dead set on eroding those rates. By a subterfuge they will permit the railways to make an application to the commission to have these rates

reviewed. The railways will bring in their costing conclusions and a subsidy will be granted by the government. Then, in the course of time, an argument will be built up that we cannot continue to subsidize the shipment of grain to our ports and that the rates will therefore have to be looked at very carefully and, perhaps, modified.

This is the word which is going around in western Canada. The people are beginning to awaken to the fact that there is more behind this bill than meets the eye. Although the government is saying that the rates will not be touched and that a subsidy will be provided if the railways succeed in proving their point, nevertheless the revenues will be examined, mileage figures will be given, the volume of grain shipped here and there, and the high cost of transportation to the railways mentioned, in an attempt to prove that the Crowsnest rates are uneconomic and that therefore the railways should be given a subsidy. Then within five or ten years the argument will be advanced that the subsidy should not be continued and that the rates should be altered. The people of western Canada are beginning to see through the activities of the Minister of Transport.

The minister has held himself silent for much longer that I ever anticipated he could, and I would ask him at this point to explain the phrase in the letter of the president of the C.P.R. and answer the questions raised by the hon. member for Calgary South. And if he repeats what he has already said, well we are accustomed to repetition from the minister.

Mr. Byrne: The minister has asked me to announce on his behalf that he is unable to support the amendment. I wish to say personally that I agree with him. I should like to say, also, that I feel the hon. member for Winnipeg South Centre is not giving much credit to those of his party who sat in the committee for something like 40 sittings and heard 40 witnesses, if he believes they failed to discover something in this bill which he now seems to find so objectionable.

• (5:30 p.m.)

Mr. Horner (Acadia): I suggested some time ago, and read from *Hansard*, that the minister did make an agreement with the railways, and whether or not the question of municipal taxes is written into the bill, as referred to in the letter between the minister and the president of the C.P.R., the minister did say as recorded at page 11601 of *Hansard* for

January 10 that he did make an agreement with the railroads. If the minister is shaking his head then I had better read from *Hansard*:

> The company did say that if they were allowed the kind of scope the government had said they were going to propose to parliament to enable the company to increase railway revenues, then the company would be glad to give up this immunity.

The minister was referring to this immunity from municipal taxes, and in that quotation which I have given, was pointing out that an agreement was made. There is no question of doubt in my mind but that the minister directed the president of the C.P.R. to put in "January 1, 1967" in his letter so that he, the minister, could have a club to hold over the heads of parliamentarians.

Mr. Pickersgill: Mr. Chairman, I rise on a question of privilege.

Mr. Horner (Acadia): There is no question in my mind about that. I don't know what the minister is standing up for.

Mr. Pickersgill: The hon. member has accused me of mis—

Mr. Starr: On a point of order—

Mr. Pickersgill: Mr. Chairman, I have risen on a question of privilege.

Mr. Starr: Then I rise on a question of privilege. I do not know how the minister—

The Chairman: Order, please. It is very difficult for the Chair to hear more than one member at the same time. The Minister of Transport, on a question of privilege.

Mr. Starr: On a question of privilege, Mr. Chairman—

The Chairman: The Minister of Transport is already on a question of privilege.

Mr. Pickersgill: Mr. Chairman, I rise on a question of privilege because the hon. gentleman was questioning my word. I gave my word to the house, not once but on several occasions, that I had no agreement whatsoever with the Canadian Pacific Railway about this bill, and the words that the hon. gentleman has just quoted—

Mr. Horner (Acadia): I will read them again.

Mr. Pickersgill: Read them again when I have finished. The words the hon. gentleman has just read are a paraphrase of the letter written by the president of the C.P.R. The letter was not written by me; it was written by the president of the C.P.R. It was a public document, and surely I am as much entitled to refer to that document as any other member of the house, without being accused of deceiving or misleading the house. The C.P.R. did this of their own volition. I welcomed it, and I hope that if this legislation is passed within a reasonable time—and I said this before—they will start paying those taxes this year.

Mr. Churchill: What is the question of privilege?

Mr. Pickersgill: There was no agreement of any kind.

Mr. MacInnis (Cape Breton South): Oh, oh.

Mr. Pickersgill: Surely, sir, I am entitled to defend my veracity, and when I say to hon. members that there was no agreement of any kind I am sure the hon. gentleman who has been speaking believes me.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): Mr. Chairman, this is a very interesting discussion—

The Chairman: Order please. I consider the acts of the committee now to be an interruption of the present speaker, the hon. member for Acadia.

Mr. Horner (Acadia): Mr. Chairman, I have never been so flattered that so many members over there, so many trained seals, would think me so devastating that they would drown me out by pounding on their desks. I never thought my words would strike so deadly at their hearts that they would be afraid even to allow me the privilege of speaking. You, Mr. Chairman, and the minister can interpret this particular paragraph any way you like, and we on this side will interpret it in the way it reads best to us. I am going to read it out again.

I am not quoting from the letter written by the president of the C.P.R. which was tabled on September 8. I am quoting from a speech which the minister made in the house on January 10, when he was dealing with the question of municipal taxes. Since the minister said I was paraphrasing I shall start the

quotation a little earlier. As recorded at page 11601 of *Hansard* the minister said:

> The difference between myself and the present government and everyone else is that we did discuss this problem with the Canadian Pacific Railway Company.

That is very clear. The minister did discuss this problem with the C.P.R. There were two parties involved and they were discussing municipal taxes, which is the subject of the amendment.

> We did make representations to them that this kind of immunity, which had been given in perpetuity, was not really the kind of thing that was very desirable in the twentieth century.

So the minister hopes that in the twentieth century the C.P.R. would not try to maintain its exemption in perpetuity from paying municipal taxes. That is the proposition he was making to the C.P.R. Then he went on to say:

> The company did say that if they were allowed the kind of scope the government had said they were going to propose to parliament to enable the company to increase railway revenues, then the company would be glad to give up this immunity.

This is the agreement to which I was referring. The minister made a proposition to the railways, offering them the right to raise rates any way they liked, and if the railways accepted that they would give up their exemption from municipal taxes. This is why the amendment is so important. In this bill we are giving the railways one part of the bargain, and in an earlier speech I suggested another part of the bargain was a thorough investigation of the Crowsnest pass rates.

That part of the bargain was voted out last Wednesday. Proudly we westerners stood together because we realized that that provision in the bill was the thin edge of the wedge with regard to those rates which have been the Magna Carta of western Canada.

That must have been part of the bargain because since then the minister has desperately tried to have the provision re-entered in the bill. We in western Canada know how far the government is prepared to go in driving the thin edge of the wedge into the Crowsnest pass rates. It is going to push the wedge right in to the hilt.

After an examination of *Hansard* and the number of times that the minister presented this question to the committee, I have no doubt with respect to the letter written to the minister by the president of the C.P.R., and which he tabled on September 8, that the minister directed the president of the C.P.R.

to include the words "January 1, 1967" in that letter. The minister wanted those words in that letter so that he would have a club over the parliamentary committee, and over this house. But he failed to use that club on his cabinet ministers.

Members of the cabinet are all great at using clubs. The Minister of National Health and Welfare used a resignation club on the Prime Minister, stating he would resign unless his medicare bill was proceeded with, even though it would not become effective until July 1, 1968, a year and a half after the legislation was passed. But the Minister of Transport was too good a Liberal to resort to using such a heavy club on his leader, and so he lost in the argument.

• (5:40 p.m.)

There is no doubt in my mind that there was an agreement and that the minister did agree with the president of the C.P.R. that he should include the date January 1, 1967 in that letter. This does bring up the subject of municipal taxes on C.P.R. land, because this bill is giving the railways permission to set whatever rates they like. There is no question in my mind but that this amendment is in order. The minister well may have to vote against it because of an agreement he made with the railways. He may be bound to do so because of the shady dealings which have gone on. I use the word "shady", because those of us who are westerners know what it means. We have been dealt with, in shady deals, by Liberal governments for years. We now know the meaning of it and we see another one being perpetrated across Canada this very day.

Amendment (Mr. Ballard) negatived on division: Yeas 77; nays 87.

Mr. McCleave: Mr. Chairman, I should like to offer a postscript to my encounter with the Minister of Transport yesterday. Also I should like to make another suggestion before leaving this particular debate. Yesterday I was making the point that Bill C-231 really offered no protection to the ports of this country. In my enthusiasm, and despite a good deal of elbow grease, I failed to note that section 14(2) of the Canadian National-Canadian Pacific Act, chapter 39, Revised Statutes of Canada, 1952, was still in effect. I thought that this current legislation we are dealing with had done away with it. However, it is still there, as the minister pointed out and as the railway lawyers pointed out to me

later in the corridor. We shared a few jocular remarks about this. This shows the danger of treading in a swamp full of railway legislation involving dozens of acts which must be dealt with.

My argument really is not altered by the fact that the section exists which I assumed was not going to exist. The section provides that the national system—the C.N.R.—among other things will procure or direct shipments of goods through Canadian seaports if the shipper does not specify otherwise. I recall the word "procure", because I think the meaning of this would be that if there were any interchange between the Canadian National Railways and the Canadian Pacific Railway, the Canadian National Railways by virtue of this section would have to request the Canadian Pacific Railway to use a Canadian seaport. I do not know whether or not this is done in practice or whether it is impractical. Nevertheless there seems to be a direction to use seaports. It would be very easy for the railway when quoting rates to the shipper to say that by using such and such a port—Portland, Baltimore or the like—that the rate will be one thing and that by using Halifax, Saint John, Quebec or Montreal the rate will be another.

Beyond the matter of choice, there is no requirement for the development of Canadian ports. I think this is an important point and one which should be considered, because the railway will quote the route by which it can carry goods for the maximum return with the least amount of effort. Under the best possible practice I think the railways would be bound to direct its customers to the routes best suited to their purses. I wish I had known that section 14(2) carried on the law, because it would not have hurt my argument one single bit. I would have argued even more strenuously that whatever protection we have under the law is very small protection indeed.

I should like to emphasize this point to the minister. I give him full marks for his knowledge concerning section 14(2) or for the homework on the part of the people in the gallery. This is all part of the good clean fun of debate and it serves me right. I do not wish, however, to leave the point that the study which is now before the minister dealing with maritime transportation needs should deal with the point of development of the ports. If it does not, then those who carried out the study should be sent back to the grindstone, with their noses up against it.

I believe the minister agrees with me. From his nod and smile I gather that they have dealt with this point. This is vital and perhaps even it could be added to the Prime Minister's interminable and endless bottomed sack of wonders that he unveiled for us earlier this afternoon, because this is a matter of life or death to the ports of Saint John and Halifax, and is very vital to the whole maritime economy.

• (5:50 p.m.)

It is specifically set forth in clause 1 that the public interest would have to be considered. The minister has made two alterations by amendment in this regard since this matter came back to the house, in a specific attempt to meet the needs of the maritimes. I think he should be thanked in that regard, because he was dealing with shipments through or maximum use of Canadian seaports.

Perhaps at hearings in respect of public interest these changes to Bill No. C-231 will be considered by the board. I hope the board will take a look at the over-all legislation and find that these matters have not been mentioned in previous enactments, and then come to the conclusion that this does relate to public interest.

I am a little concerned, and I know the minister will be sympathetic in this regard, that at these hearings the commission will give consideration to what took place before the passage of Bill No. C-231, and come to the conclusion that public interest is not really affected because shippers are following traditional methods of moving goods out of this country and into other countries. Perhaps I am wrong in that regard. It may be that the board after reading clause 1 of Bill No. C-231 will be generous in its interpretation of what is in the public interest of Canada in order that more use can be made of all our seaports.

Since this is a short day and the minister and his staff have reached the final stages or are on the last lap of this bill, which I presume will wind up tomorrow—

Mr. Knowles: The minister has reached the final stages of what?

Mr. McCleave: Of this particular bill.

Mr. Pickersgill: Perhaps "collapse" would be more appropriate.

Mr. McCleave: I know the hon. member for Acadia plans to go west over the week end, so at least our consideration should not go beyond Friday.

Mr. Pickersgill: Is the hon. member suggesting that we skip tomorrow and come back to it on Friday?

Mr. McCleave: That might save the minister some anguish, but I am not suggesting anything. These little asides have caused me to lose the thread of my discourse.

In any event, dealing with the point of public interest, since the minister will have the night off it might be worth while for him to discuss with his legal advisers whether or not they feel almost absolutely certain that the changes the minister has put in dealing with the use of our ports are strong enough to assure that the commission will be seized of this aspect of public interest.

Let me refer briefly to one other point. It is hoped that in the aeronautics field Canadian Pacific Airlines will be encouraged by the government, if necessary, or perhaps persuaded by what will appear in *Hansard*, to give consideration to the extension of its services to make them national. I do not anticipate that they will initially enter Atlantic Canada on the same widespread scale as Air Canada, but I do not find fault with Air Canada for suggesting that C.P.A. should at least service some of our major cities. There is always an element of comfort in competition. Competition between two air lines should help to improve services so long as economic considerations are taken into account. I am sure the board will take this fact into account before licences are awarded.

This is tax finding time in our Canadian municipalities. Twice in the last couple of days I have tried to find out whether the Canadian National Railways will be required to pay full municipal taxes for the full year 1967. So far I have not received an answer. The city of Halifax through its council has presented a similar request to the Prime Minister for information. That is why I directed by question originally to the Prime Minister, rather than the Minister of Transport.

Every city in Canada is in exactly the same position. This month they are going over their budgets and setting their tax rates. It would be helpful to them to have some information in respect of this very important matter.

Mr. Winkler: Mr. Chairman, I will be extremely brief in my remarks to the minister. I should like to refer to clause 93, which is the miscellaneous clause. That clause has reference to the Aeronautics Act in respect of "hire or reward", and states that this means:

> —any payment, consideration, gratuity or benefit, directly or indirectly charged, demanded, received or collected by any person for the use of an aircraft;—

I feel the position of a private individual or firm may be in jeopardy as a result of this clause. Perhaps the minister will give a detailed explanation as to what this means.

As the clause now stands no person, group of persons, company or group of companies can get together and rent an aircraft or use an aircraft of an operating company by sharing the cost. Perhaps individuals in Toronto want to attend a joint meeting in Montreal and find they cannot group together and hire an aircraft for that purpose. I hope the minister is prepared to clarify this situation because I think it is unfair to private owners of aircraft.

Mr. Pickersgill: I can give an answer at this time, and I appreciate the hon. gentleman giving me notice of his intention to ask this question. The appropriate clause has been passed, but we are allowing wide latitude in respect of clause 1.

The Air Transport Board has informed me that quite a number of cases were cropping up in which individuals or companies were in effect providing a commercial air service without complying with the licensing requirements of the act, and without therefore having any operating certificate from the department covering safety requirements. It could happen that one company owned an aircraft and employed a crew, and would then lease the aircraft without crew to someone else. By separate arrangement that other person would put that crew on his payroll for as long as the aircraft was rented. At the end of that period the crew would go back on the owner's payroll.

What really was happening was that a commercial service was being provided in this indirect way without the law, which other people had to comply with, being complied with by the individual renting the aircraft. What is perhaps more important is that the regulations in respect of safety were not being enforced.

This clause will not prohibit this practice but it will require these people to follow the ordinary rules in respect of safety, as well as those rules in respect of licensing.

Mr. Winkler: I will accept that explanation. Perhaps I may call it six o'clock, but before doing so I should like to pose another question so the minister can give it consideration. Obviously we are not going to finish our consideration of this bill tonight. Would it not be more democratic or beneficial if the individuals involved in this practice of "dry leasing", as it is called, were subject to the law that other companies or individuals owning aircraft are subject to?

Mr. Pickersgill: That is exactly what is intended, and nothing else. The hon. gentleman has said this a lot better than I did and in fewer words.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I should like to ask the government house leader to indicate what the government proposes for consideration on Thursday and Friday.

• (6:00 p.m.)

Mr. McIlraith: We will continue the consideration of the bill which occupied the attention of the house today. At the conclusion of that discussion we will consider two motions on the order paper, the one to set up a joint committee to deal with the rules and the other creating a special joint committee to deal with the national anthem. The next item will be the bill on the integration of the armed forces. The last three items will not necessarily be taken in the order indicated.

Mr. Starr: Mr. Speaker, in order to expedite the business of the house and the work of the committees we on this side of the house are prepared to pass without debate items 124 and 125, the two resolutions setting up the two committees.

Mr. McIlraith: I certainly wish to take advantage of this offer if it is agreeable and would ask that Your Honour call item No. 124.

NATIONAL ANTHEM

MOTION SETTING UP JOINT COMMITTEE

Hon. G. J. McIlraith (for the Prime Minister) moved:

That a special joint committee of the Senate and House of Commons be appointed to consider and from time to time to report upon the subject matter of the following proposed resolution: "That the government be authorized to take such steps as may be necessary to provide that 'O Canada' shall be the National Anthem of Canada while 'God Save the Queen' shall be the Royal Anthem in Canada";

That 12 members of the House of Commons, to be designated at a later date, be members of the joint committee; and

That a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed joint committee.

Motion agreed to.

HOUSE OF COMMONS

SPECIAL COMMITTEE TO CONSIDER PROCEDURAL CHANGES PREVIOUSLY ADOPTED

Hon. G. J. McIlraith (Minister of Public Works) moved:

That a special committee of 11 members, to be designated at a later date, be appointed to consider and from time to time to report upon the advisability of making permanent, with or without amendment, any or all the several changes in the procedure of this house adopted for the first session of the Twenty Seventh Parliament on January 21, 1966, and such other changes as the committee may deem suitable to promote the more expeditious dispatch of the business of the house.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, I want to thank hon. members for their co-operation. Perhaps I should indicate some other bills for consideration tomorrow in the event that we complete the consideration of the previously mentioned items. There is item No. 114, a bill respecting the armed forces of countries visiting Canada. The next one is item No. 84, a bill to revise and consolidate the Interpretation Act. Then there is item No. 62, second reading of the bill on the establishment of a Canadian Films Development Corporation, and lastly item No. 83, the bill providing for immigration appeals. I will consult with the house leaders as to the order in which these items will be called.

Mr. Starr: May I ask a question at this particular time? Can the government house leader tell us whether the Chairman's ruling will be circulated and when it will be in the hands of the members?

Mr. McIlraith: I am afraid I have no idea about that. I regarded this as a matter for the Chair and I did not ask about that point.

Mr. Knowles: It will appear in *Hansard* tomorrow.

Mr. Bell (Saint John-Albert): Yes, but we like to work on Wednesday night.

Mr. Gray: Mr. Speaker, may I have the consent of the house to revert to motions for the purposes of tabling a committee report?

Mr. Starr: Six o'clock, Mr. Speaker.

The Acting Speaker (Mr. Rinfret): There does not seem to be unanimous consent to revert to motions.

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

HOUSE OF COMMONS

Thursday, January 26, 1967

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Seventh report of standing committee on industry, research and energy development—Mr. Cashin.

Fourth report of standing committee on Indian affairs, human rights and citizenship and immigration—Mr. Klein.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

PUBLIC SERVICE

AMENDMENT OF VARIOUS ACTS RESPECTING SALARIES OF OFFICIALS

Hon. G. J. McIlraith (for the President of the Treasury Board) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Canada Grain Act, the Income Tax Act, the International Boundary Waters Treaty Act, the National Energy Board Act, the Railway Act, the Tariff Board Act, the Canada Elections Act, the Financial Administration Act, the Representation Commissioner Act, and the Appropriation Act No. 4, 1964, with respect to the salaries of certain public officials.

Motion agreed to.

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, TRAVELLING EXPENSES, ETC.

Hon. Lucien Cardin (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Judges Act to revise judicial salaries and certain provisions of the said act respecting the payment to judges of travelling allowances and other expenses; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to.

FUND FOR RURAL ECONOMIC DEVELOPMENT ACT

AMENDMENT INCREASING AMOUNTS AVAILABLE UNDER AGREEMENTS WITH PROVINCES

Hon. Maurice Sauvé (Minister of Forestry and Rural Development) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Fund for Rural Economic Development Act to increase the limit on the aggregate of the amounts that may be paid out of the consolidated revenue fund and charged to the fund for rural economic development under agreements with the provinces from fifty million dollars to three hundred million dollars.

Motion agreed to.

CANADIAN CONFEDERATION

PROPOSED CONFERENCE TO BE CALLED BY ONTARIO GOVERNMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker has the attention of the Prime Minister been drawn to the initiative of the government of Ontario in proceeding to convene a confederation conference, which we on this side of the house were ready to do four years ago and have asked for since? Under all the circumstances, is the dominion government going to co-operate in this regard, or is it going to take the lead itself and bring about the convening of such a conference in this year?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have read the speech from the throne in the Ontario house in which this suggestion was made by the premier of the province. I understand that this proposed conference is not with respect to the amendment of the constitution or indeed to find ways to amend the constitution, but is a conference that might be devoted to a discussion of confederation and its problems, and that sort of thing. Naturally, Mr. Speaker, this is an interesting and important proposal. I have not received any communication on it from the Prime Minister of Ontario. Perhaps it is the kind of thing that should be put on the

agenda at the next federal-provincial conference in Ottawa.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. Will the government of Canada allow the provinces to enter the vacuum created by its inaction in this regard?

Mr. Speaker: Order, please.

Mr. Diefenbaker: The answer obviously is yes.

WOMEN

REQUEST FOR STUDY OF STATUS BY ROYAL COMMISSION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I would ask the right hon. Prime Minister a question with respect to the brief submitted to the government by the committee for the equality of women in Canada. This appears to be a well reasoned document dealing with matters of equality for women with respect to remuneration, access to occupations and various professions, and equality of treatment before the law with respect to domicile and property.

On January 10 the Prime Minister said this question had been considered in cabinet but it would be considered again on the return of the Secretary of State. Has the government had an opportunity to discuss this matter? Will the Prime Minister be able to tell the house fairly soon whether a decision has been reached with respect to the recommendation of this committee that a royal commission be established to look into the status of women in Canada?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, a certain decision has been made with regard to this matter. I or the Secretary of State hope to be in a position to announce it within a day or two.

NATIONAL SECURITY

CALVIN MACDONALD—APPEARANCE BEFORE ROYAL COMMISSION

On the orders of the day:

Mr. Raymond Langlois (Mégantic): I wish to direct a question to the Solicitor General but in his absence may I direct it to the Prime Minister. This question relates to one asked by the hon. member for Villeneuve in March of 1966, and concerns one Calvin Macdonald and his desire to appear before the commission of inquiry on national security. Has the government given or will the government give him the privilege of appearing before that commission, that he may explain his case?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I shall discuss this matter with the Solicitor General as soon he comes into the house.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have an important question that I think should be addressed to the Minister of Trade and Commerce. I may say to him that I have noticed in a recent press report that two United States businessmen, one from Detroit and one from Chicago, have opened a business in Montreal at a cost of $5 million.

Mr. Speaker: Order, please.

Mr. Winkler: Mr. Speaker, my question is this. Inasmuch as this means $5 million of United States capital in Canada for the opening of a Bunny club, will the Minister of Trade and Commerce refer this matter to the Minister without Portfolio for investigation?

Mr. Speaker: The hon. member has let the bunny out of the bag, and the question is out of order.

Some hon. Members: Oh, oh.

EXTERNAL AFFAIRS

NORTH VIET NAM—SUPPLYING OF MISSILES BY SOVIET UNION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Is he now in a position to reply to the question I asked yesterday about the supplying of arms by the Soviet union to North Viet Nam?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, in answer to the question asked yesterday by the hon. member for Oxford, I think it is clear that there have been violations by all sides of the 1954 agreement on Viet Nam. The presence in North Viet Nam of Soviet missiles and other modern anti-aircraft weapons represents as much a departure from the state of affairs envisaged by the agreement as other forms of military activity in Viet Nam to which attention is more frequently drawn.

Taken together, all these violations admittedly have led to the dangerous situation confronting us all today. Through its membership on the commission Canada has consistently attempted to have this point of view recognized, in the hope that the commission's assessment of the responsibilities of both sides for bringing about the present situation might contribute to the reversal of the trend of military events, with one violation by one side leading to a further violation by the other. Our discussions with regard to this problem in all its aspects have taken this situation into account, and these matters were included in the conversations I had in Moscow.

Mr. Nesbitt: A supplementary question, Mr. Speaker. I would take it from the minister's reply that Canada has made formal objections to the Soviet union concerning the supplying of these arms to North Viet Nam?

Mr. Martin (Essex East): I said that in my conversations these questions were discussed.

Mr. David Lewis (York South): In the light of the admission by Secretary McNamara, which I read or heard yesterday, that there has been only a trickle of troops moving from North Viet Nam to South Viet Nam since last June, can the Secretary of State for External Affairs tell us, or is he ready to inquire, why the bombing of North Viet Nam was not only continued but was intensified, despite the fact that there was only this trickle of movement?

TRANSPORT

INQUIRY AS TO GOVERNMENT POLICY RESPECTING CROWSNEST PASS RATES

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): I had a question for the Minister of Agriculture but in his absence I will address it to the hon. gentleman's parliamentary secretary. Does the parliamentary secretary agree with the government's policy to eliminate the Crowsnest pass rates?

Mr. Speaker: Order.

Mr. McIntosh: I will rephrase my question, Mr. Speaker. Will the Minister of Agriculture be in the house this afternoon to protest against the elimination of the Crowsnest pass rates?

Mr. Speaker: Order. The hon. member will have to wait a few minutes to find out.

Inquiries of the Ministry

ROYAL FAMILY

CONSIDERATION OF LEGISLATION RESPECTING MARRIAGES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I do not know whether the Prime Minister is in a position to answer this question. It has to do with the Royal Marriages Act, which has been in existence since the early part of the 18th century and is long out of date. In view of the expected and anticipated application of Lord Harewood to marry again after a divorce has been secured from his wife, and the difficulties inherent in the continuation of the necessity of obtaining the Queen's consent to such marriages, is consideration being given by Canada, in respect to the Queen of Canada, and by other commonwealth countries to the abrogation of this law, now in effect but totally archaic having regard to present conditions?

Right Hon. L. B. Pearson (Prime Minister): I am not aware of such consideration being given on a commonwealth basis, though it may have been discussed by certain departments of commonwealth governments. I will be glad to look into this matter to see whether there has been any development and, indeed, whether this particular act still has application in parts of the commonwealth other than the United Kingdom.

Mr. Diefenbaker: Am I not right in saying that imperial acts are in effect unless abrogated or limited, amended or suspended, and that this act, which was in operation at the time of confederation, would affect Canada in that our sovereign in Canada would be subject to the law as it now is?

Mr. Pearson: That might well be the situation, but I should like to look into it further.

[*Translation*]

TRANSPORTATION

PROTEST BY QUEBEC RESPECTING FEDERAL LEGISLATION

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Minister of Transport. As the minister left his seat a few minutes ago, I shall direct it to the Prime Minister.

Has the federal government received a letter from the Quebec government protesting against the encroachment of Bill No. C-231, an act to define and implement a national

transportation policy of Canada, on provincial rights, and what is the answer given by the federal government to the Quebec government in that connection?

Mr. Speaker: I wonder whether this question could not instead be put during consideration of the bill referred to by the member.

EXTERNAL AFFAIRS

NORTH VIET NAM—USE OF FUNDS GIVEN FOR AID

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. My question is based on a statement contained in a question asked of the Prime Minister by the hon. member for Bow River on January 24 in which he said, as recorded at page 12159 of *Hansard*:

> To review my question, it referred to $50,000 of aid to Viet Nam of which 90 per cent was going to North Viet Nam, to the Viet Cong, for purposes other than to assist civilian victims.

Has the Prime Minister received a letter from Dr. A. M. Inglis, chairman of the committee on Canadian Aid for Viet Nam Civilians, which committee, I might mention, is sponsored by a number of Canadians including the leader of our party and the hon. member for Kootenay West, which outlines the facts with respect to the distribution of this aid—

Mr. Speaker: Order, please. The hon. member is not asking a question. He is obviously making a statement, and perhaps he should have made it on motions.

Mr. Herridge: Mr. Speaker, may I just repeat the question. Has the Prime Minister received a letter from Dr. Inglis, chairman of the Committee on Canadian Aid for Viet Nam Civilians, with respect to the—

Mr. Speaker: Order. I suggest to the hon. member that it is not sufficient to ask whether a letter has been received. Perhaps he might want to complement the question, although I suppose I am asking for trouble in that suggestion.

Mr. Frank Howard (Skeena): As a supplementary question, Mr. Speaker, may I ask the house leader, the Minister of Public Works, if he would mind having a conversation with the hon. member for Kootenay West and explain some of the rules to him.

[Mr. Allard.]

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to ask a question of the Prime Minister. Has the government protested to the United States against using in Viet Nam war equipment made in Canada and bought by the United States? Was the report correct that a protest was made by the Canadian government in this regard?

Right Hon. L. B. Pearson (Prime Minister): I think I have already dealt with that matter, Mr. Speaker. There has been no such protest.

Mr. Woolliams: Then may I ask is the government now going to take any steps with reference to money that is being sent to the Viet Cong from Canada, to be used for war equipment against the western world?

Mr. Pearson: Mr. Speaker, our information is that the supplies that may be going to Viet Nam are medical supplies, and there is no authorization required under our law to send medical supplies to any part of the world.

Mr. Woolliams: As a further supplementary question, has the Prime Minister examined the report I sent him? I think he has read the report which says the money was not going to war victims. Has he made any investigation to determine to the satisfaction of himself and his government that the money is being used for that purpose?

Mr. Pearson: Yes, Mr. Speaker. We have been making inquiries, and I believe the Secretary of State for External Affairs has been discussing the matter this morning with representatives of some of these organizations.

Mr. Herridge: As a supplementary question, Mr. Speaker, has the Secretary of State for External Affairs anything to report to the house as a result of his discussions with representatives of some of these organizations?

Hon. Paul Martin (Secretary of State for External Affairs): No, Mr. Speaker, the discussions are not concluded.

SPORTS

HOCKEY—PROPOSED TOUR OF EUROPE BY TEAMS FLOWN BY R.C.A.F.

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I wish to direct a question to the Minister of National Defence, or possibly it should be directed to the associate minister. Has the

R.C.A.F. made arrangements to fly two hockey teams to Europe for a tour of that continent, and does the minister approve of these arrangements?

Mr. Speaker: Order, please. I wonder if this is a matter of national urgency. I suggest that the hon. member find some other way to obtain the information he is now seeking.

[*Later:*]

Mr. More: Mr. Speaker, I wish to direct my question to the Prime Minister. I would ask whether the Canadian Amateur Hockey Association or the Quebec Amateur Hockey Association have complained to him and protested the rather novel arrangements made by the R.C.A.F. and the minister of defence for the participation of two pee-wee hockey teams in a tour of Europe, in defiance of rulings by these governing bodies against making such a tour.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received representations on both sides on this issue, and I am trying awfully hard to be neutral.

GRAIN

WHEAT—INQUIRY AS TO MAILING OF FINAL CHEQUES

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Have all the cheques representing the final payment on the 1965-66 crop year been mailed? If not, when would he expect the last of them to be mailed?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, if they have all not already been mailed they will be mailed very shortly, but I shall get a more precise answer and provide the hon. member with the information.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—COMMUTATION OF DEATH SENTENCES OF CONVICTED MURDERERS

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question which I should like to direct to the Solicitor General, but in his absence I shall direct it to the Prime Minister. The cabinet yesterday commuted to life imprisonment the death sentences of two convicted murderers in British Columbia. I should like to ask the Prime Minister what is the effect of this statement which he made on August 31 in this house:

> —when this legislation passes it will be the will of the parliament of Canada and if it is the will of the parliament of Canada I know the law-abiding citizens of Canada, as they always have done in the past, will obey it.

Mr. Speaker: Order, please. I doubt that the hon. member is asking a question. Obviously he is submitting an argument at this time. I am not prepared to accept the question.

Mr. Cowan: Your Honour having ruled in that way, may I raise the matter at ten o'clock.

AIRPORTS

INQUIRY AS TO INSTALLATION OF ENCLOSED RAMPS

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): Mr. Speaker, my question is for the Minister of Transport. In view of the current season and the recurrence of a chronic problem associated with winter temperatures, can the Minister of Transport bring warmth to the hearts of thousands of chilled Canadian travellers and tell them when enclosed telescopic ramps will be installed at western Canada's major airports?

Mr. Speaker: Order, please. I do not think the question is one which should be asked at this time. I suggest that it might be placed on the order paper or discussed at ten o'clock.

Mr. Sherman: I had the impression that the minister was prepared to answer.

Mr. Speaker: The minister probably will welcome the opportunity to answer at ten o'clock.

IMMIGRATION

WARNING TO IMMIGRANTS RESPECTING HOUSING IN LARGER CITIES

On the orders of the day:

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I should like to answer a question put to me on January 24 by the hon. member for Vancouver-Kingsway.

To protect unsponsored immigrants with large families and modest incomes from hardship, our officers abroad advise such families about housing conditions. This means that such immigrants are currently being advised against going to certain cities where housing

is difficult, but it does not mean that they are advised to go to any community where housing is available. They are advised on the basis of what suitable employment opportunities are available. When they arrive, the same facilities of the immigration division and the Canada manpower centres are available in such communities, to assist the newcomers in becoming established, as are available to immigrants destined to the larger cities of Canada.

Mr. J. M. Forrestall (Halifax): I have a supplementary question, Mr. Speaker. Could the minister advise us whether the department has broken down the Canadian cities into these various categories, and if so could this information be made available to us?

Mr. Marchand: I will take notice of this question.

NATIONAL DEFENCE

NATO—REMOVAL OF FORCES FROM FRANCE AND ESTABLISHMENT OF NEW BASES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the regulation laid down by the government of France with regard to our NATO bases and those of other countries, has a decision of been reached to move our forces from Metz and Marville and, if so, what are the names of our new bases?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, a decision has been made to move in accordance with the requirement of the French government's note. I am afraid I cannot yet give the details to the house because negotiations are continuing in respect of the move and the various facets of it.

NATURAL GAS

ACTION OF U.S. COMMISSION RESPECTING PROPOSED PIPE LINE

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question of a slightly more serious nature for the Minister of Trade and Commerce. Would the minister comment on the status of the Trans-Canada Pipe Lines application to the United States federal power commission in respect of their eastern route?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I think perhaps that question more appropriately should be addressed to my colleague who is responsible for that aspect of the problem.

Mr. Winkler: May I then direct the question to the appropriate minister—I think the Minister of Energy, Mines and Resources—and later I would hope that the Minister of Trade and Commerce would comment on my previous question.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Would the hon. member kindly repeat his question.

Mr. Winkler: Could the minister, for the benefit of the house and Canada, comment on the status of the Trans-Canada Pipe Lines application to the United States federal power commission for its eastern route?

Mr. Pepin: The United States federal power commission's presiding examiner has asked that further evidence be presented. In the case of Panhandle he asked that evidence be presented by February 10, in the case of Northern Natural Gas, by March 1.

This evidence will be on two subjects; first, the effects of the undertakings on which Trans-Canada Pipe Lines has agreed with the Canadian government; and second, the proposal presented by the staff of the federal power commission. We are watching closely these developments.

Mr. Winkler: A supplementary question, Mr. Speaker. There seems to be a negative attitude at the moment with regard to this application, particularly in the United States, and I wonder whether it could possibly be in the area of retaliation.

Mr. Pepin: No, Mr. Speaker. I might add though something else I have already said and which appeared in *Hansard* of January 19:

I can guarantee the hon. member—

That was the hon. member for Timmins.

—that we are taking these precautions. We have asked the company—

That is Trans-Canada.

—to keep us informed on alternative planning—which it is doing now—in case the federal power commission refuses to accept the Great lakes project in its present form.

So not only are we keeping in touch with events in Washington but we are going as far as possible in planning for an alternative project if the present one is rejected by the federal power commission.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. The press quotes the minister as having said outside the house something we were trying yesterday to get him to say inside the house, namely that Trans-Canada is being urged to take its planning as far as possible so that if the federal power commission rejects the application, construction of the Canadian route can begin immediately. I wish to ask the minister who is asking Trans-Canada to carry its planning as far as possible, the minister or the National Energy Board; and have Trans-Canada complied with this request and do they intend to carry their planning to the point where there will be no delay in proceeding with the Canadian section of the line in the event that the F.P.C. rejects the application?

Mr. Pepin: The answer to the second part of the question is both, the minister and the National Energy Board. I do not remember exactly what the third part of the question was; the difficulty with long questions is that they require long answers which I am trying to give at the moment. What I said to the press, and would like to have said in the house but could not, was that we were planning in order to make sure that immediately after the decision is taken by the F.P.C. we will be in a position to act, whatever the decision may be.

I did not mean that we intended to act immediately but that we would act immediately after the decision is taken.

If the hon. member wishes to remind me of the third part of his question I will be delighted to try to answer it.

Mr. Douglas: The third part of my question was whether Trans-Canada had agreed to carry its planning to the point where it would be able to begin construction immediately in the event that the F.P.C. turned down the application.

Mr. Pepin: That is what I said in quoting my own words from *Hansard* of January 19. The company is keeping us informed of its alternative planning.

Mr. M. W. Martin (Timmins): I have a supplementary question. In view of the news we were able to obtain last week, and particularly yesterday and today, according to which we can look forward to a two year postponement before we can get a decision on this, may I ask the minister whether we will wait this long before any action is taken? Can no action be taken before we get a decision?

Mr. Speaker: Order, please.

[*Translation*]

BRIDGES

CONDITION OF INTERPROVINCIAL BRIDGE BETWEEN OTTAWA AND HULL

On the orders of the day:

Mr. Gaston Isabelle (Gatineau): Mr. Speaker, I should like to direct a question to the Minister of Public Works. It is urgent, since its object is to prevent the loss of life in the area.

As several thousands of tourists will be coming to Canada's capital during the centennial year and will certainly wish to visit Hull, namely the French part of our national capital, are they going to see the city of Hull through this dreadful ugliness, this heap of scrap, namely the interprovincial bridge, the guard-rails of which are dilapidated and out of repair?

Mr. Speaker: The hon. member could easily put this question on the order paper.

[*English*]

TRADE

PURPOSE OF FORTHCOMING MEETING IN WEST INDIES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I wish to direct a question to the Minister of Trade and Commerce on the subject of the forthcoming conference at Saint Lucia in the West Indies in the hope that he will be less brusque and irascible than the Secretary of State for External Affairs.

Mr. Diefenbaker: And more intelligible.

Mr. Churchill: Will the minister outline to the house at an early opportunity the objectives of his department at that conference?

Mr. Speaker: Order, please. The hon. member is asking whether the minister will make a statement. I suggest that the answer to this question can only be yes or no. I do not think the member can ask that a statement be made now. It should be made on motions.

Hon. Robert Winters (Minister of Trade and Commerce): Yes, Mr. Speaker.

Inquiries of the Ministry

Mr. Churchill: Mr. Speaker, I said "at an early opportunity" which would be on motions tomorrow.

Mr. Speaker: I understood the question fully and it was in order, but I wanted to make sure that the answer would also be in order.

Mr. Churchill: The Secretary of State for External Affairs failed to answer the question yesterday and I thought I would revive it.

Mr. Winters: Generally the objectives will be to implement the terms of the communiqué which were agreed upon last July at the time of the prime ministerial meeting here in Ottawa.

[*Translation*]

CANADIAN PACIFIC RAILWAY

QUEBEC—REQUEST FOR BILINGUAL PERSONNEL

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Transport.

Did the minister get in touch personally with the directors of the C.P.R. in order to ask them to provide bilingual staff in the province of Quebec?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): The only thing I have done on this matter is to have drawn to the attention of the railway the comments that have been made in the house, and I have reason to believe that this has been done by a member of my staff.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO REMUNERATION FOR FIRE DAMAGE

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, my question is directed to the Minister of Transport and pertains to a fire which took place along the right of way of the C.N.R. in Richmond and Tyendinaga townships last July 20. This fire was set by the rolling stock of the railway and the farmers along the line sustained considerable damage to crops, fields and fences for which they have not been reimbursed by the C.N.R. When can these farmers expect to receive satisfaction in this matter?

[Mr. Winters.]

Mr. Speaker: Order. Unless the fire is still burning I suggest that the question be put on the order paper.

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

FINANCE

SPEECH BY TRADE MINISTER ON FOREIGN INVESTMENT IN CANADA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I wish to take this opportunity to ask the Minister of Trade and Commerce, after his pilgrimage to San Francisco where his enunciation of policy with regard to foreign investment in Canada took place, whether a copy of his speech and the sentiments contained therein was made available to his colleague the senior Minister without Portfolio. Would he also let the house in on the secret as to how his particular views, so different from those held by the chairman of that committee, the Minister without Portfolio, will be presented to the committee?

Mr. Speaker: Order, please. I doubt that the second part of the question is in order. I think this will have to remain a secret for a while yet.

Mr. Diefenbaker: Is parliament to be denied the information that was propagated in San Francisco? We have the right to know it. Why is a different story told in San Francisco than in Canada?

Hon. Robert Winters (Minister of Trade and Commerce): May I say a word in reply?

Mr. Speaker: Order, please. Perhaps the minister may be allowed to answer the question.

Mr. Winters: I simply wish to report that I had a very good and in many ways I think a successful visit to San Francisco and Los Angeles. I heard from the business community there many expressions of confidence in the policies of the Canadian government. I wish to assure the right hon. gentleman that copies of my speech were made available to my colleagues before I delivered it, and I understand that the distribution of the speech was even wider than that.

Mr. Diefenbaker: I would ask the minister this. Which is the policy? Is it the policy enunciated by him, or that declared by the one recently returned to the cabinet ranks?

Which is the policy on foreign investment? That is all I want to know.

Mr. Winters: I can only reflect policy as I deem it to be, and the policy I reflected in the speeches I made in San Francisco and Los Angeles are the policies of the government as I deem them to be.

EXPO '67

REPORTED DISMISSAL OF MEMBER OF YOUTH ADVISORY COUNCIL

On the orders of the day:

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have another question for the Minister of Trade and Commerce. Last week in this house the hon. member for Cumberland asked the minister to investigate certain alleged discriminatory hiring practices at Expo in the youth pavilion. This matter was raised in Montreal originally by Mr. Oberfeld, who was a member of the Expo youth advisory council. I understand that because he raised this matter in Montreal Mr. Oberfeld has been fired from the youth advisory council. I would ask the minister if he has heard about this, and will he investigate the same?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I cannot imagine the firing, if such it was, being for that reason; but I will investigate this matter and report.

IMMIGRATION

SECURITY CHECKS ON PROSPECTIVE IMMIGRANTS FROM U.K. AND IRELAND

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is to the minister in charge of immigration. I would ask him whether there is a security check on British and Irish immigrants. I would also refer to a recent statement of the minister that in future there will not be a security check on emigrants from France. This statement may have been misinterpreted, but I would like it clarified.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, there is always some kind of security check on immigrants, mainly because we want to know of any criminal records of prospective immigrants. There are just as restrictive tests in respect of Great Britain, and the same thing will apply to France in the future.

Inquiries of the Ministry

HOUSE OF COMMONS

REPORTED DISSATISFACTION AMONG STAFF RESPECTING PROMOTIONS, ETC.

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, in the absence of the Minister of National Revenue may I direct a question to the house leader with respect to collective bargaining matters for employees in the public service. I would ask the minister whether he would mind looking into the dissatisfaction that exists with respect to changed rules regarding promotions, the feeling that there is discrimination in the selection of people for promotion, and the general collapse of morale amongst the security staff in the house.

Mr. Speaker: Order, please. I do not think the question is in order on a number of grounds.

CANADIAN CENTENNIAL

POSSIBLE COUNTERFEITING OF DOLLAR BILLS —PRICE OF GOLD COINS

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, my question is to the Minister of Finance. Is the minister taking any special precautionary measures to prevent counterfeiting of the centennial bills, which bear no serial number at the moment?

Mr. Speaker: Order. I think the question should be placed on the order paper.

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I should like to direct a question to the Minister of Finance. In the past few weeks the public generally have been advised that in order to obtain a $20 gold centennial piece they must purchase a package of coins at a cost of $40. In a recent edition it was said that *Reader's Digest* are offering 200 of these $20 gold pieces as contest prizes.

I wonder whether the minister could tell us how *Reader's Digest* could purchase these $20 gold pieces.

Mr. Speaker: Order, please. I do not think the question is sufficiently urgent to warrant it being asked or answered at this time.

Mr. Webb: On a point of order, Mr. Speaker, the Canadian public have been advised that they have to pay $40 and can only buy these gold pieces in coin sets, while a publishing firm is buying them for $20. I think the question is urgent.

Inquiries of the Ministry

Mr. Speaker: If the minister is satisfied that there is a question of urgency I will certainly allow him to answer the question.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, now the question has been asked I think there is some question of urgency. I would like to assure the hon. member and all hon. members of the house that there is a uniform price of $40 a set to all comers, including the readers of *Reader's Digest.*

Mr. Langlois (Mégantic): Mr. Speaker, I rise now on my own point of order relating to the question I asked the Minister of Finance. I would gladly put my question on the order paper on one condition, namely that it is answered a little sooner than the one I have had there since October, addressed to the Secretary of State for External Affairs.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to ask a supplementary question of the right hon. Prime Minister concerning the question asked by the hon. member for Hastings-Frontenac. A week ago I put a question to the Prime Minister, in the absence of the Minister of Finance, concerning the price of these gold coins. The Prime Minister, as I recall, undertook to discuss the matter with the Minister of Finance. I was wondering whether this discussion has yet taken place, and if so what was the result.

Mr. Sharp: Mr. Speaker, I have been ready to answer this question for some time. The government of Canada, like other members of the International Monetary Fund, has an obligation to avoid taking any steps which would facilitate the speculative hoarding of gold, both nationally and internationally. The issuance of a special set of coins of the centennial year, including a $20 gold piece, in the form of a presentation set, is not inconsistent with this objective. It is designed for collectors and will be purchased largely by collectors.

On the other hand, interest in single gold coins could extend beyond those who are concerned with the commemoration of our centennial. Their issuance might therefore be inconsistent with our international obligations.

Mr. Langlois (Mégantic): A supplementary question, Mr. Speaker. While we are on the centennial business, could the Minister of Finance inform the house whether the new centennial paper bills are only in the denomination of $1, or are they of different denominations?

[Mr. Webb.]

Mr. Sharp: My understanding is that they are $1 only, sir.

Mr. Speaker: Order. I regret to advise hon. members that the time for questions has now expired.

TRANSPORTATION

STATEMENT ON APPEAL FROM RULING BY CHAIRMAN OF COMMITTEE

Mr. Speaker: Perhaps before calling orders of the day I might remind hon. members, if it is necessary for me to do so, that a point of order was raised yesterday by way of appeal from a ruling of the chairman of committee of the whole. I have, of course, had an opportunity since yesterday of studying very closely the ruling of the Chair and arguments submitted by hon. members. Before rendering a ruling I am wondering whether the Minister of Transport has anything to add to the arguments he has already submitted in the course of the discussion.

Hon. J. W. Pickersgill (Minister of Transport): I would like, sir, in addition to what I have already said to make a point which it seems to me would be relevant to the consideration of whether the amendment was in order. I was, of course, well aware of the various rules and standing orders to which hon. gentleman opposite referred. I do not contest the validity of any of them. As I indicated in my argument the other day, I was quite well aware that if I attempted to introduce the same proposition again it would be out of order. Before submitting an amendment, or perhaps I will have to say a purported amendment since it has been called into question, to the committee I felt it was my duty to apply myself to this problem to the best of my rather limited abilities.

Some hon. Members: Hear, hear.

• (3:20 p.m.)

Mr. Pickersgill: I recognize that I do not have the long experience of the hon. member for Winnipeg North Centre nor the legal training of the hon. member for Bow River, to say nothing of the eloquence of the right hon. gentleman opposite, I think I can say, sir, I was aware that there did not seem to be any kind of amendment I could have offered to clause 50 which would be in order at all because it seemed to me that even to attempt to import into that clause, which dealt with grain rates, a review of rates on grain alone would quite obviously come so close to the line that I might very easily cross the line.

I then looked at clause 74, which is the clause which has reference to the financial relationships generally—I do not often ask for the indulgence of the house, but when we are considering a matter as important as this I wonder if those who prefer to carry on a conversation would consider doing so elsewhere.

An hon. Member: You would lose half your party.

Mr. Pickersgill: I might need them badly later, but one or two of them could be spared. I recognize the extreme gravity of the issue before Your Honour. It is a very unusual thing to have an appeal from one of the officers presiding over us to another, particularly when the officer who made the original decision most obviously found it a difficult matter, and felt that it required profound reflection.

I can certainly agree with anyone who takes the view that this is a nice and very difficult question indeed to answer one way or the other. I was aware that if I were to make an amendment which the Chairman could possibly consider in order, or Your Honour if there were an appeal could consider in order, there must be, according to the standing orders, sufficient variance from subclause 329 of clause 50 which had been stricken out by the committee to make it a different question.

I realized also that there must be a difference in the pith and substance or the core, and that the amendment must not be substantially the same as the clause which was stricken out. It did seem to me that in clause 74, which deals generally with the financial relations between the government and the railways, which relates to many other matters in addition to the question of grain rates and indeed deals with grain rates only obliquely, but deals much more directly with payments in respect of branch lines and passenger services as well as the transitional payments and the relationship between any such payment that might be determined by the commission in the future, it would be possible to frame a motion which had sufficient variance to be in order.

It seemed to me also that there was no more reason for permitting an examination of the rates on grain than for permitting an examination of any other rates set by this parliament and not by the railways themselves, and that it was quite wrong to single out one commodity, even though it might be the most important one, for such consideration. In the interval between the time the committee made its decision in respect of subclause 329 and the time the amendment was moved, we had a debate on the new clause 59 and we had confirmed, so far as the committee could do so, every statutory rate with respect to the Atlantic ports. It seemed to me, sir, that if a review was provided which depended on someone else taking the initiative, a review that applied to all statutory rates, there would be a considerable variance but perhaps not sufficient variance.

It seemed to me also that in the interval we had a discussion in the committee on clause 16, and on the very important variety of cases in which a shipper might succeed under clause 16 in getting a rate substituted for a rate at which the railways themselves would have been willing, of their own volition, to carry the commodity, and that these cases could go on as long as this law was on the statute books. This would be, therefore, a continuing and continuous operation whenever a rate was substituted by the commission for a rate which the railways were voluntarily willing to give the shipper. This was something that was imposed by law, not directly by parliament but by virtue of the bill which we are putting through. This would be a process that ought to be continued.

It seemed to me it was just as right and reasonable for a carrier to be able to appeal against a rate that was non-compensatory as it was for a shipper to be able to appeal a rate that was not in the public interest because it gave undue advantage or caused him undue disadvantage. Indeed, this kind of consideration was very much more apt to be a continuing affair than any one shot affair such as the mandatory determination would have been under the proposal in subclause 329.

• (3:30 p.m.)

Mr. Diefenbaker: What does the minister mean by a one-shot affair?

Mr. Pickersgill: Section 329, which was removed by the committee, provided that within three years this determination should be made. If I may dare use a latin word in the presence of the hon. member for Macleod, I think that section would have been functus. In other words, once this determination had been made there was no further mandatory determination. What parliament had said was to be done would have been done, and it would have been over and done with, or so it would seem to me.

Mr. Churchill: It could be reopened by the commission.

Mr. Pickersgill: I am sorry, was the hon. gentleman asking me a question?

Mr. Churchill: Would it not be within the competence of the commission to reopen the inquiry two, three or even five years later? It did not restrict the investigation just to the one occasion.

Mr. Pickersgill: May I thank the hon. member for Winnipeg South Centre for making a point that perhaps is much stronger than any I have made yet, and for making it very much more clearly than I had been able to. Of course, he too has the advantage of legal training that I lack.

The hon. gentleman asked whether it would not be open to the commission on its own motion to take this step later. Perhaps; I do not know, but certainly parliament would have been saying, if we had passed that clause, that it should be done only the once. This responsibility was to be imposed upon them only once and it would never be imposed again. The possibility might occur a thousand times, but surely that has nothing to do with the case. What that section sought to do was to impose a duty on the commission to make one determination and one determination only, and that would have been the end of the matter.

The amendment that I have offered, Mr. Chairman, so long as it might remain on the statute books, creates a continuing right in a railway to ask the commission anytime after two years that any rate fixed by law has been in effect to fix any rate that the railways set at any time in the future after a lapse of two years, but not ealier. Therefore, it seems to me that really there is a quite fundamental difference between the two objects, that is to say, the object of section 329 and the object of the amendment I have now moved.

If I may put it in this way, Mr. Speaker, the object of section 329 was to make a determination whether the railways asked for it or not. Its object was to make a mandatory determination as to whether certain rates were compensatory once and for all, and which would never recur. If they were not compensatory, the commission was to determine what in its opinion might be a suitable relief or payment.

The amendment before us does not require the commission to do anything about any of these rates unless an application is made in respect thereto. I suggest that that is a quite different situation in essence from the other situation. I do not deny that in one or two cases the same effects might flow, but in essence it is an altogether different situation. I suggest it is as different as appointing a royal commission of inquiry into something and establishing a court before which a party can appear if he wants to have a determination made as to a certain matter. Surely the difference is pretty fundamental. Also, Mr. Speaker, instead of creating a single operation for one occasion only it would create a continuing process that would be available to the railways, if they wished to avail themselves of it, in a great variety of cases which might arise over and above the one specific case alluded to in section 329.

In addition to that, sir, there is another difference which perhaps may not be fundamental but which I suggest creates two very considerable variants. Not only does the amendment that I am offering, if Your Honour finds it to be in order, provide for a hearing or for any number of hearings in the event they were asked for, but it also provides, in a way for which there was no provision made at all in section 329, for representation of ministers of the crown when they wish to respond to any such application. I do not attach the same importance to that point, but it is a variant.

There is another important variant, sir, in the amendment I have moved. A provision which I thought was very desirable but which the committee saw fit to reject, and which consistent with having this variation I could not possibly find any way to put into the bill, was subsection 3 of section 329 which read as follows:

> In making its report under subsection (1), the commission shall have regard to all matters that in its opinion are relevant including any change that has been made by any railway company that is subject to the jurisdiction of parliament in the equipment, methods or procedures used for the loading, carriage and unloading of grain and grain products.

That provision clearly related exclusively to grain and grain products. However desirable it might have been in itself, it would have been out of place in an amendment of the general character and purpose of this amendment.

There is, perhaps, one further point, Mr. Speaker, which was not raised by anyone opposite and was not raised by me in argument before the Chair. The most substantial similarity between section 329 and the

amendment which I have sought to move is with respect to the definition of categories of grain and where they should go. I admit that that is just the same as it was in the amendment that was stricken out, but since there seemed to be no exception taken by those on the other side to having that provision in, it does make the two much more similar than they otherwise would have been. I admit that quite readily.

• (3:40 p.m.)

However, Mr. Speaker, rightly or wrongly I interpreted the vote and decision of the committee as having relation only to the part which is directed to a review and not to the part which is directed to these rates. I would remind Your Honour that that part of the clause has been stricken out by the decision of the committee and that if this amendment is ruled out of order it is going to be very difficult for any hon. member to get it back into the bill. I just make that point *en passant*.

Finally, there is the proposed section 472 which deals with the rates on domestic grain to British Columbia. There is nothing similar to that provision, of course, in the other clause that was stricken. I do not think, therefore, that it would come into the picture at all. Certain technical amendments proposed at the beginning of my amendment have no relation to section 329, and I am not making anything of that because they are quite incidental. I assume that any decision on this matter would not preclude the right of any hon. member to move an amendment with respect to the new section 468A, and with the typographical error, even if Your Honour could not agree with the chairman that the amendment appeared to be in order.

May I briefly, sir, repeat the three points with respect to the matter in dispute. It seems that the amendment is different, or sufficiently at variance, to be in order. The first point is that there is no mandatory duty imposed on the commission to conduct a review, that there will be no review unless it is requested by a party. Second, the scope of the review that may be made is far wider than the scope of the mandatory review envisaged in section 329. My third point is that this proposed amendment, if it was accepted, would have a continuing effect whereas the other clause provided for one single process, and when that process had been completed it would have no further force or effect except in relation to the grain rates.

Mr. Speaker: Order, please. I have given the minister an opportunity to restate the arguments he advanced the other day in support of the legality of the amendment proposed by the Minister of Fisheries.

As I told hon. members a moment ago, since yesterday I have spent a great deal of time, which may be well understood, considering the arguments advanced and reported in *Hansard* both in support and in opposition to the point of order raised by the hon. member for Bow River on the proposed amendment to clause 74 of Bill C-231.

In the comments he has made the Minister of Transport has confirmed how extremely difficult and complex this matter is, both in substance and from a procedural standpoint. My colleague, the Deputy Speaker and chairman of the committee of the whole, has spent at least as much time as I have, I am sure, in the preparation of the very learned ruling which was delivered yesterday and is now under appeal. The question is whether our respective and separate studies of the arguments have led us to the same conclusion.

I should state once again that the procedure of an appeal from the chairman of the committee of the whole house to the Speaker places the Chair in an awkward position. This, I am sure, is recognized by all hon. members. Yesterday two members of the house—I refer to the hon. member for Oxford and, I think, the hon. member for Winnipeg North Centre—suggested that perhaps the procedure might be changed in some way. In passing I take the liberty to suggest that a review of the chairman's decision might come to the Chair by way of stated case rather than by way of appeal. Be that as it may, the standing order is there and I have no alternative but submit to its requirements.

It seems to me that when there is nothing more at issue than the chairman's interpretation of the facts on which is based the ruling under appeal, the Speaker should not normally attempt to substitute his own judgment for that of the chairman. This is a principle I have enunciated before. When it is simply a question of judgment with respect to the personal opinion of the chairman of the committee there is no justification in my view, for the Speaker to take the chair to substitute his personal interpretation of facts for those of the chairman of the committee. It may be that in this particular case there is more at issue than a limited question of personal judgment.

In his ruling the chairman made the following statement, reported at page 12,240 of yesterday's *Hansard*:

> The problem which the Chair has to decide is whether or not the amendment moved by the Minister of Fisheries is sufficiently different from subclause 329 of clause 50 as to constitute a substantially different question.

In fact, most of the arguments advanced in opposition to the minister's amendment were founded on this approach. I am wondering, however, if this is entirely correct. The problem which the Chair has to decide is not only whether the amendment is different from subclause 329 of clause 50, which in its entirety has been negatived by the committee, but also if the amendment is inconsistent in whole or in part with the committee's recorded decision. The relevant citation is in 406(c) of Beauchesne's fourth edition, which is a restatement of the rules cited in May's seventeenth edition, page 549. The citation from Beauchesne is the following:

> Amendments are out of order if they are—
>
> (c) inconsistent with a decision which the committee has given upon a former amendment;

The statement in May's seventeenth edition is the following:

> An amendment must not be inconsistent with, or contrary to, the bill as so far agreed to by the committee..., nor must it be inconsistent with a decision of the committee upon a former amendment.

I am in full agreement with the chairman that there are many substantial differences between this amendment and the section formerly deleted by the decision of the committee. This, however, does not necessarily satisfy the requirement of the citation to which I have just referred.

In his argument the minister has quite rightly pointed to the differences between the two proposals. These differences possibly are substantial; I am sure that any number of other additional substantial changes might have been tacked on the amendment. The cumulation, however, of all these added changes does not obviate the basic requirement that no part of the new proposal should be inconsistent with the committee's previous decision.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. The committee has voted against a review of certain statutory rates and, contrary to this, the amendment would provide for such a review in certain circumstances. This seems confirmed by the minister's statement of this afternoon. The minister this afternoon showed that in the one case there is a mandatory review, and in the other what he calls a facultative—

Mr. Pickersgill: Facultative.

Mr. Speaker: —review. In the one case there is a one-shot review; in the other a continuing review. These, I admit, are substantial changes and I might even be prepared to admit that the objectives of the original clause and of this amendment may differ. But from my limited understanding it seems that the adoption of the amendment would reinstate in part a clause which has already been rejected in its entirety by the committee.

Hon. members of course are all agreed on the most important rule of procedure, that a question which has once been negatived cannot be proposed again in the same session. I am not suggesting that there is a clear, unimpeachable case one way or the other. I do suggest, however, that the application of citation 406(c) of Beauchesne's fourth edition is enough to raise a serious doubt about the legality of the proposed amendment. I am prepared to interpret the doubt in favour of the most important principle in the citation and to reject the amendment.

NATIONAL ANTHEM

POINT OF ORDER RESPECTING TWO ITEMS OF BUSINESS ON SAME SUBJECT

Hon. E. D. Fulton (Kamloops): Mr. Speaker, before you call the orders of the day may I raise another point of order. I apologize for doing so at this moment without giving notice to Your Honour, although I did raise the matter on an earlier occasion. It has to do with the motion to set up a committee to consider the resolution respecting O Canada and God Save the Queen.

Your Honour will recall that on the earlier occasion I raised a point of order about the propriety of introducing a motion to refer this matter to a committee when there was already on the order paper under government order a motion for consideration of the same matter by the house. Last evening at the hour of adjournment, six o'clock—I was not in the house—the motion to refer the matter to a committee was called and adopted. Neither Your Honour nor I had an opportunity to consider the matter again at that time. I had understood that Your Honour had deferred your ruling on the point of order already raised until the matter would come up for the consideration of the house. The result is that the motion has now been passed.

• (3:50 p.m.)

But the question of the propriety of leaving the resolution on the order paper where it appears on page 5 of today's issue still remains. I feel strongly that it is improper and contrary to the rules that a matter should be at one and the same time referred to a select committee for consideration while still standing for the consideration of the house. I submit on the basis of the precedents cited from Beauchesne and particularly from May that if the government wishes to have the matter considered in a committee, the order standing as item 14 on page 5 should be discharged.

In support of this submission I refer Your Honour to May at page 399 where, under the heading "Motions and the rule of anticipation", it is stated:

> A motion must not anticipate a matter already appointed for consideration by the house whether it be a bill or an adjourned debate upon a motion.

Instances are then given in support of the principle, and the citation continues:

> Stated generally, the rule against anticipation (which applies to other proceedings as well as motions) is that a matter must not be anticipated if it is contained in a more effective form of proceeding than the proceeding by which it is sought to be anticipated, but it may be anticipated if it is contained in an equally or less effective form.

In other words, on the basis of the elaboration of the rule the proposal that a matter be referred to committee for consideration is, in my submission, less effective than a resolution that it should be considered and acted upon by the house. The motion for reference to a committee was therefore within the rule against anticipation and should not have been proceeded with unless the other motion had been withdrawn.

It seems to me that members should not seek to complicate unnecessarily the procedures of the house and put the house in a difficult position. What was done yesterday was done and cannot be undone. I am not seeking to have it undone. But I am suggesting that in order to regularize the position Your Honour should now, in accordance with the rule against anticipation, make an order that item of business No. 14 be discharged, as in my submission it should have been discharged at the outset if the government wished to proceed by another method. All matters of procedure, all points of order, and in particular the regulation of the order paper, are within Your Honour's control and it is, I submit, within Your Honour's power to direct that this item be discharged.

Mr. Speaker: I should like to indicate to the hon. member that I did, of course, take into consideration the point of order he raised the other day. I studied it meticulously and prepared a very learned opinion. Indeed, I was sorry when I learned that the house had unanimously agreed to refer this matter to the committee because it deprived me of the pleasure of reading this learned opinion. I can tell the hon. member, if it will bring him some consolation, that the decision was not in his favour, in support of his point of order. Unfortunately there would have been no appeal from the decision which I would have rendered. Perhaps, however, because the point raised by the hon. member is of interest and importance, I might put on record the fruit of my labours which would confirm the opinion I have that I cannot support the point of order raised by the hon. member.

The proposed ruling—and I am reading it now—was along the following lines:

On January 11 last, as reported at pages 11664-65 of *Hansard*, the hon. member for Kamloops raised a question of order to the effect that it was irregular to have two notices of motions dealing with the question of a national anthem on the order paper under government orders. The hon. member went on to say that he was unable to find an authority for his contention but he suggested that his question of order be taken under consideration by the Chair.

Admittedly, it is unusual to have a duplication of notices dealing with the same subject matter under government orders., but no specific authority bearing on this aspect of the point of order can be found.

The hon. member for Kamloops also suggested that a minister of the crown should ask the house for leave to withdraw item 14 from the order paper. Here again, the Chair might say that it is not in disagreement with the hon. member's statement that it would be tidier were one of these items removed from under government orders. But it is suggested this action may be taken only by a member of the ministry.

At any rate, due notice was given of both item and in turn each was called and transferred to government orders, pursuant to section 2 of standing order 21, for consideration at a subsequent sitting. Since the transfer of government notices is merely a procedural technique adopted in the 1955 session for the

purpose of eliminating extended debates during routine proceedings, it is suggested that the house has not yet entered upon the consideration of either of the proposed motions. In this regard the Chair might refer hon. members to the *Journals* of the house, 1955, page 901, and point out that a similar technique is employed under standing order 47 in respect of notices of motions for the production of papers.

Accordingly, it would appear that the two notices of motions concerning a national anthem are of equal status and that it would be difficult for the Chair at this time—again, of course, I am referring to the position as it was when the point of order was raised by the hon. member for Kamloops—to state which one may be considered by the house and which one the government should remove from the order paper. At any rate, as stated previously, it has not been possible to find any authority that would support the Chair in ordering the removal of one of these notices from the order paper.

There is, however, little doubt that it would be not only illogical but also irregular to proceed concurrently with these two proposed motions and when one of them is taken up for consideration the other, in effect, will lapse. That is to say, when one of the proposed motions has been considered or adopted, or the debate thereon has been adjourned, an order must be made to rescind or discharge any resolution or order of the house that inevitably follows from the consideration of any item of business.

As stated, in part, in section 3, citation 88, Beauchesne's fourth edition:

> The discharge of an order is the indispensable preliminary to the making of a different order with regard to the same subject.

In other words, when the report comes from the committee there would, I suggest to the hon. member, be a point of order which might be taken up at that time, that the first order ought to be discharged before the second one is adopted. So it may be the hon. member will have another point of order to raise with regard to these two motions, though it would be premature to do so today.

This was the result of the studies I made of the question. I do not suggest that this is necessarily the last word, and I am quite prepared to review the matter in the light of the additional comments the hon. member has made which perhaps throw a different light on the subject. I hope I shall have an opportunity to make a ruling on this before the second order is adopted by the house.

[Mr. Speaker.]

• (4:00 p.m.)

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Wednesday, January 25, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose last evening clause 1 of the bill as amended was under discussion.

On clause 1—*National transportation policy.*

Mr. Pickersgill: Mr. Chairman, I would like to say a word at this point. In view of my lack of success in moving the amendment that I sought to move on clause 74 I wish to say on this clause, upon which there has been a wide-ranging discussion, that after listening to what I am about to say I hope hon. gentlemen will agree to stand clause 1 and revert to clause 74, if the proposal I am going to make is acceptable to the committee.

The proposal I am going to make is that I should be given unanimous consent to move a motion which, in the light of the opinion given to us by the Speaker on appeal, would be clearly out of order if anyone attempted to move it because it would simply be asking the house to reverse a decision that was made on Wednesday of last week.

I do not think at this stage that I need read all the verbiage preceding the amendment which I will ask unanimous consent to move, but the pertinent part is as follows:

> "470. (1) In this section "grain products" means any commodities to which, under the freight tariffs of the company in effect on the 1st day of January, 1966, the rates known as grain products rates, flaxseed products rates or rapeseed products rates applied on that date.
>
> (2) It is a condition precedent to the payment to a railway company of any financial assistance provided, in respect of the movement of grain or grain products as in this subsection described, pursuant to a report under paragraph (e) of subsection (1) of section 15 or otherwise provided to the company as compensation for an imposed public duty in respect of such movements, within the intent of paragraph (c) of section 1 of the National Transportation Act, that the company has not increased the level of rates prevailing on the 31st day of December, 1966—

And the rest is an absolute repetition of what was in new section 329 describing grain products other than flour moving from any point west of Fort William to Fort William or

to Port Arthur over any lines of railway of the company, and so on and so forth.

The purpose of moving this amendment would be to give protection to all the rates that are not directly protected by statute but which are generally called the Crowsnest Pass related rates.

I would also like to be permitted to include provision for renumbering new section 472 and my previous amendment related to domestic rates with respect to British Columbia as new section 471. There was never any dispute with relation to it and it is obviously not in contradiction to anything done up until now.

The effect of accepting this amendment would be to protect all these related rates that are not directly protected by statute. It involves an absolutely direct reversal of the position taken by the house last week and would therefore, under the Speaker's ruling, be even more out of order than the amendment I moved previously. That is why I am saying that I hope I would have unanimous consent. It was certainly never the intention of the government at any time to endanger in any way the rates on any of these grain products that are related to the Crowsnest pass rates.

I appeal to hon. members to overlook the fact that the house took an opposite view on this matter last Wednesday and unanimously to allow me to move my amendment. I am not asking that it be accepted by the committee but, if I had unanimous consent, when we come to clause 74 I could move it because we would have got over any possible procedural difficulty.

Mr. Rapp: Does the minister's proposed amendment mean that rapeseed will be classified as grain?

Mr. Pickersgill: The amendment would include rapeseed and every other grain or grain product that up until now has been protected because of orders of the board or decisions of the railways related to the Crowsnest pass rates. The Crowsnest pass rates are protected in new section 328 in clause 50. This proposed amendment would provide protection for all these related rates. I do not think any of us wanted to take that protection away. All I am seeking to do is get over the rules of the house, which I do not seek to invoke against anybody else merely because they were invoked against me, in order to make sure that this protection, which is so important to the western farmers, continues to be afforded to them.

Mr. Churchill: Mr. Chairman, I would like to commend the minister for the rapidity with which he was able to produce another amendment within about 20 minutes of the Speaker's ruling against the previous one. But now that we have it in our hands I would suggest to the minister that rather than asking us at this moment to give unanimous consent, which may subsequently be given, we should have an opportunity to study it because we have to go back to the various sections of the Railway Act. A little later today the minister might repeat his suggestion and perhaps at that stage unanimous consent would be forthcoming.

In saying this I am not doubting that this is an accurate proposition. I am simply asking that we have a little time to study it. The amendment occupies a foolscap page and we want to consult on it. Subject to studying it I think I can say that we will be in agreement with the minister's suggestion because, as I stated previously when I moved to strike out new section 329, I anticipated that something would be substituted somewhere in the bill dealing with the definition of grain products. I thought it might be done in the interpretation clause. The minister has produced a version which we may find to be quite satisfactory, but I ask him to let us study it for a while and renew his request a little later today.

• (4:10 p.m.)

Mr. Pickersgill: If the exact terms of my amendment are not satisfactory, I think that once we get over the problem of unanimous consent and have them properly before us there could be a further amendment then if anyone wishes to move it. I should not wish to be unreasonable and therefore I am quite prepared, if we can go on and make some progress on clause 1 and perhaps even pass it, to move the other amendment which we had at the beginning and which relates to new section 468A. I do not think I need ask for unanimous consent in that regard. It is true that my whole amendment was ruled out of order, but this part of it in which there are technical amendments was not even mentioned. It certainly has not been considered before. All it does is correct an error or a couple of errors, one in printing and one which is very little more than a grammatical error. It is very important, however, that this should be done. I would hope it could be understood at this stage that there would be no objection to this. It is identical to the first part of the other amendment, that is, it starts

with certain lines substitutes others, and corrects the typographical error. It does absolutely nothing more.

Mr. Baldwin: Mr. Chairman, may I ask the minister a question while we are reflecting on the amendment which the minister has proposed and while the committee is dealing with clause 1? I should like to ask the minister a question which I think goes to the root of the whole issue. Is it the minister's view that in this amendment the government in effect is accepting what I think was suggested by the hon. member for York South, because I see there is reference to financial assistance being provided in respect of the movement of grain and grain products pursuant to report under paragraph (e) of subclause (1) of clause 15? I take it that this is acceptance by the government of the fact that under clause 15 the transport commission in fact has the right to make a certain inquiry and if as a result of that inquiry it makes certain recommendations the government might have to take some action hinging on that.

Mr. Pickersgill: I think it is the reverse. My understanding is that it would prohibit any action being taken at all if any of these rates was ever changed. If any of these rates was changed, then a railway would be prohibited, unless a new law was passed by parliament, to receive any compensation whatsoever. It is just the opposite. There may be some implications in it but it is a prohibition in itself.

Mr. Baldwin: I understand that, but it does accept the fact that the transport commission under clause 15 can hold the type of inquiry which was the subject of discussion. I quite agree that if any changes are made which involve the carriage of grain by railway companies under what are called the statutory or related rates which have become attached to them, then of course the railway companies are out of court but this, I think, does accept the principle that there can be an inquiry under clause 15.

Mr. Pickersgill: In relation to those matters which are not covered by the statute.

Mr. Kindt: Mr. Chairman, would it be possible for the minister to provide us with a copy of his proposed amendment to section 329 so that we may study it? Several of us over here do not have copies.

Mr. Pickersgill: I can assure the hon. member that it is not an amendment to section 329.

[Mr. Pickersgill.]

Mr. Kindt: It is a proposed amendment.

Mr. Pickersgill: It is an amendment to clause 74, which purports to put in two new sections, 470 and 471, of the Railway Act. The section 329 which is now in the bill as amended is the one relating to the At and East rates. This has no relation to it. The old 329 is gone but not forgotten.

Mr. Douglas: Mr. Chairman, since we are going to allow the minister's proposed amendment to stand while consideration is given to it and while discussion is being carried on in respect of clause 1, may I ask the minister for a brief explanation of the second part of his amendment which has to do with section 471. Section 471 as proposed by the minister was included in the amendment moved by the Minister of Fisheries but I understand it was not in section 329 of clause 50 in the original form.

Mr. Pickersgill: This is an attempt to meet in the only way which seemed to be very feasible at this stage, without much more study of all the implications than I felt it possible for me to give, the very urgent and rather compelling observations of the hon. member for Vancouver Quadra which were echoed by the hon. member for Kootenay West whom I described perhaps rather irreverently as a "venerable echo". Both hon. gentlemen seemed to think that an inquiry of this sort would at least satisfy the British Columbia Federation of Agriculture, which had made representations, that the problem about which it is concerned was being taken under urgent consideration and that indeed a statutory examination of this problem was being provided for. I may say that one of the difficulties to which I did not allude the other day in dealing with this problem in this fashion is that we already have made a decision in the house, under a bill brought in by my hon. friend the Minister of Forestry, to deal with the same problem in another way through freight rate assistance for feed grains. That is not the only problem; there are half a dozen others. I do think, however, that this study ought to be made. It was felt that while this is only the statutory requirement of an examination of the matter, in view of its importance it ought to be done in this way.

Mr. McIntosh: Mr. Chairman, I do not like the wording of the clause in the amendment.

I wonder whether the minister would consider a change. The reason I do not like the wording is that it says in part:

—the commission shall undertake a study of the differences between rates on grain moving for export to ports in British Columbia—

Then follows the part I do not like:

—and rates on grain moving otherwise—

Does that mean moving east?

Mr. Pickersgill: No. It relates only to ports in British Columbia. To put it bluntly it means the domestic rates as compared to export rates. That is what the people from British Columbia were asking. It has no relation to any part of the country except British Columbia and grain moving into British Columbia.

Mr. McIntosh: I have no objection if it relates to ports in British Columbia and so on but I am suspicious of the wording here. I should like to have it changed.

Mr. Deachman: Mr. Chairman, I might assist the hon. member. If he will read a little further he will find that it says, "on grain moving otherwise to such ports". "Such ports" refers back to the ports of British Columbia. So it refers only to grain moving from the prairies to British Columbia.

Mr. Horner (Acadia): Mr. Chairman, might I say a word?

The Chairman: I recognize the hon. member for Acadia, but I should like to point out to the committee that when the minister rose he rose to ask for unanimous consent to present an amendment to clause 74.

• (4:20 p.m.)

At the moment I should point out to the committee that we are on clause 1.

Mr. Horner (Acadia): Mr. Chairman, first of all I should like to say that I was recorded yesterday as saying some words in the heat of the debate which I now wish I had not said. I do not deny having said them but I would like to apologize to you, having had my faith in democracy restored by what might be termed the supreme court's ruling on the case that was before the house. I should like you to know that the remarks I made were in the heat of battle and I would not like you to consider them to be as harsh as they sounded at the time. I should like to make that apology to you, Mr. Chairman.

Having said that I should like to ask the minister a question. There is a small amendment to clause 74, section 469, which I should like to move. Would the minister like to hear the amendment now or are we to discuss clause 1 at this time?

Mr. Pickersgill: There is no reason why the hon. gentleman should not make an amendment as long as it is in order, and I wish him better luck than I had.

May I say, sir, how pleased I am by what the hon. member for Acadia said today. I think he has revealed to me and to a lot of us that in the consideration of this bill about which he felt very strongly and to which he has applied himself with great diligence—and I would say has had some influence on—he has revealed to us a new side and has gained new stature and new respect in the house. We all do things in the heat of battle. Perhaps I do not get as hot as fast as some other hon. members do, although I think perhaps there have been times when I have been provoked. I regretted and deplored the fact that those words were uttered. I am glad the hon. gentleman feels the same way and I hope Your Honour will feel that the amends are complete. I am sure all of us on both sides of the house have absolutely undiminished confidence in Your Honour's impartiality.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): Can the chairman tell us what clause we are considering now? Are we on clause 1 or on clause 74?

The Chairman: May I say to the hon. member for Acadia that we are now on clause 1 and it would be the preference of the Chair if the hon. member could hold his amendment in abeyance until we get to clause 74.

Mr. Pickersgill: Since we are proceeding in a highly irregular but somewhat more harmonious fashion and since we have allowed in discussion of clause 1 latitude almost beyond where latitude stretches, perhaps we could let the hon. gentleman read the amendment which he proposes to move at a later stage and send a copy to you, Mr. Chairman, so that it would be handy when we reach clause 74. This would give me a little chance to do some thinking about it.

The Chairman: If it is the intention of the hon. member for Acadia to give notice of the amendment which he proposes to move I would suggest to him that there is nothing irregular in that procedure.

Mr. Horner (Acadia): The amendment I propose to move is to clause 74, section 469. I give notice of it if the minister wishes to study it.

The Chairman: Perhaps the hon. member misunderstood me. I see nothing irregular in receiving from the hon. member notice of an amendment which he proposes to move to clause 74 while we are on clause 1.

Mr. Horner (Acadia): Thank you, Mr. Chairman. I will deal with my suggested amendment first. As has been stated many times before, this bill deals with many aspects of transportation. On reading committee proceedings No. 34, in which appears a brief submitted by Canada Steamship Lines, a small omission in clause 74 was brought to my attention. On page 2301 of the proceedings of that committee this company presents strong arguments in support of its contention that section 469 of clause 74 does not allow it a phasing out period with regard to the subsidy to which it is entitled under the Freight Rates Reduction Act. Section 469 states:

"eligible companies" means the railway companies under the jurisdiction of parliament that are subject to Order No. 93600—

The point is that Canada Steamship Lines has been entitled to part of the subsidy under the Freight Rates Reduction Act, which was a roll-back of the 17 per cent increase. Order No. 93600 refers directly to the order of the Board of Transport Commissioners allowing the transportation companies to increase their freight rates by 17 per cent.

In 1959 the government introduced the Freight Rates Reduction Act which states that "company" means a transportation company. The important point here is that in the Freight Rates Reduction Act reference is made to transportation companies while in section 469 reference is made to railway companies and the phasing out over a three year period of the $20 million subsidy granted to them under the Freight Rates Reduction Act. I do not know just what is the minister's intention in changing the wording from "transportation companies" to "railway companies".

On page 2436 of the same proceedings of the transport committee there is a list of transportation companies which have received the subsidy. I could read it but to save time let me say that there are about 13 companies in all and only one of them is a steamship line; the others are railway companies.

[The Chairman.]

Some of them are United States railway companies. As the bill stands now, on that part of the business done in Canada by United States railway companies they will be allowed a phasing out period under the bill but we are excluding Canada Steamship Lines whose freight rates on class and non-competitive goods were frozen on the introduction of the Freight Rates Reduction Act.

I think it is logical to expect that they should be given an equal chance with regard to the phasing out of this subsidy. If they are not, they are being placed in a difficult position vis-à-vis the railway companies with whom they are in competition. The railway companies will be allowed to keep their rates a little below those the competition shall set, but the steamship company will have to set its rates in relation to its costs and in that case they will be higher than those of the railways. Therefore the steamship company will either lose business to the railway companies, because with this subsidy the railway companies will be able to charge lower rates, or the steamship company will have to keep its rates low and lose money or have a diminishing return in respect of profits. In this connection I have taken into consideration the minister's remarks as reported at page 12130 of *Hansard*. In dealing with this matter he said:

• (4:30 p.m.)

It was represented to us in the standing committee by the Canada Steamship Lines that their rates had been frozen at the time of the rate freeze put on by the previous government in 1959—

The minister went on to say that he had given this matter a great deal of thought and had come to the conclusion that because the transitional subsidies for the railways are made up of a number of different things, upon some of which Canada Steamship Lines has no claim to any share, this computation should be made very carefully. Surely the minister is there suggesting that by some means Canada Steamship Lines has been receiving part of this subsidy under the Freight Rates Reduction Act which it cannot justify or was not entitled to receive. If it was entitled to part of the $20 million subsidy provided under the Freight Rates Reduction Act, it should be entitled to part of the money which will be allocated to these companies in the phasing out period.

I have a minor amendment which I should like to put forward. I ask the minister to consider it very seriously. I have read the remarks of the minister in this regard. He

suggests there are a number of differences. If there are a number of differences, Canada Steamship Lines must have been receiving payments in the past to which it was not entitled or there has been some error somewhere.

When this clause comes before the committee again I will move that the word "transportation" be substituted for the word "railway" in line 28 on page 63 of the bill. I shall do this because the clause pertains to order No. 96300 and that order is specifically concerned with the Freight Rates Reduction Act. It is stated in that act that "company" means a transportation company. There is a difference between a transportation company and a railway company. Having said that, and I shall probably say more when the amendment is before us, I shall send a copy of the amendment to you, Mr. Chairman, and to the minister. I should now like to deal briefly with the bill in general.

Mr. Pickersgill: Mr. Chairman, I wonder whether before the hon. gentleman does that he would permit me to make a very brief observation about his proposed amendment. I would have some difficulty in accepting it in the form it is. But in view of the statement I made to which the hon. gentleman referred —I forget which clause we were dealing with at the time but it does not matter; it was some time ago—about putting an item in the estimates, I will see whether between now and the time we reach clause 74 again I can find some form of words that would perhaps indicate that an appropriate sum, because I think the rules would have to be slightly different in this cause on account of certain other payments that were made to the railways for other reasons, should be made available to Canada Steamship Lines and any other transportation company covered in the order. Then this provision would be in the bill. I can see the great advantage of having it in the bill. It is a problem only of seeing whether we can find a form of words that will express the intent we both have and not do something that was unintended. The reason I rose to make this speech was not for the members of the committee so much as for certain persons who are not present but who in fact we all know are in the gallery.

Mr. MacEwan: The heavenly host.

Mr. Horner (Acadia): I appreciate the minister's remarks. I would like to say a word or two about the purpose of the bill. I know that perhaps most hon. members think I have said enough about it already but there are one or two other things I should like to say. My remarks concern the over-all purpose of the bill and its effects. I shall not deal with the public utilities aspect other than to say that the bill denotes that competition shall be the keynote in transportation in the years ahead. Competition shall be the guide line which will in effect set rates, provide services and, we hope, put the railways in a better financial position. In a sense this is one of the big reasons for the bill. It arose from the report of the MacPherson commission which felt we had to do something to allow the railways to obtain more revenue.

However, I would point out that the bill puts no ceiling whatsoever on the railways. They can charge as much as the traffic will bear. This is where we will get into trouble. We see farm machinery companies all across Canada charging whatever the traffic will bear. The Minister of Agriculture made some brave statements some time ago. He said he would watch this situation and the farm machinery companies would have to account for any price increase. We have seen price increases on farm machinery but we have not seen any action by the minister.

It is perhaps a true interpretation of the minister to say that he says a lot and does very little. This takes me back to his tour of western Canada shortly after he became Minister of Agriculture. He went there to test western reaction with regard to an eastern lawyer being made Minister of Agriculture. I remember the brave statements with regard to transportation that he made in Winnipeg. I wish we had had his help in the last couple of weeks on the subject we have been debating. He has been noticeable by his absence. He was reported as having said:

> The C.P.R. is chafing more and more under statutory freight rates that it maintains are unrealistically low in modern days. Mr. Greene displayed a good grasp of Canadian history and economics in publicly stating that the C.P.R. was given rich rewards in return for the guaranteed freight rates.

It is too bad he could not have said that in the house where it would really count. He also said at about the same time on the same tour, as reported in the Saskatoon *Star-Phoenix* of January 13, 1966:

> There was one slight departure from the latter when he—

The Minister of Agriculture.

—told newsmen that the C.P.R. should abandon oil rights "and other amenities" if it wanted to claim a right to rail line abandonments on strictly economic principles.

It is too bad the Minister of Agriculture could not put some emphasis on this matter when we were debating the question of branch line abandonment. It is lucky for us that after this bill passes branch line abandonments will be considered by the transport commission which is to be set up. I should like to see the Minister of Agriculture representing some of the people in rural areas in which lines are to be abandoned and hear him state publicly then that the Canadian Pacific should abandon its oil rights and other amenities if it wanted to claim the right to rail line abandonment on strictly economic principles. These are very sound words. It is too bad the minister did not pronounce them more often during the last two weeks.

• (4:40 p.m.)

I could go on quoting from the remarks made by the Minister of Agriculture during his western swing. He said:

Some very drastic action should be taken...to ensure that grain can be moved as quickly as possible.

Is this bill going to answer that problem? The Minister of Agriculture never told us what the drastic action would be under this bill during the two weeks we have been discussing it. I hope he will take part in the debate on clause 1 and tell us just how this bill can be improved before third reading and what drastic action he is considering.

In the same newspaper, he is also reported as follows:

"The first thing that made me see red," he said—

I suppose he is another one who loses his temper.

—was a situation that arose when Canada sought to send grain to help relieve famine in India.

"Even though the country had the commodities and shipping available," he said, "it was not able to move the grain because of railway limitations."

We hear all this talk about rail line abandonment and we have a minister of the Crown who went out west so he realizes there are many limitations on the railways and our grain is not able to move. This is an interesting point that was not made earlier in this debate.

I should like to quote from the *Star-Phoenix* of January 14, 1966 some further sentiments attributed to the minister. He has not been very forthright in the last two weeks during this debate but apparently he was forthright during that western swing to test the climate. This editorial reads in part:

But Mr. Greene did echo the sentiments of many prairie citizens that as far as the current grain movement situation is concerned, "We might as well be back in the stone age."

This statement verifies the point I was making earlier that there has to be a good deal of modernization of the railway plant and grain handling equipment. However, the minister has not made any suggestions in this regard.

The Saskatoon *Star-Phoenix* of January 21, 1966 deals with what the Minister of Agriculture had to say about the Canadian Pacific. Then the minister went on to deal with the farmers. We have not heard him speak for the farmers lately. He was going to do something with regard to farm machinery prices. I tie in all these remarks because in this bill we are taking the wraps off the railways. They can earn as much as they like. They can charge as much as the traffic will bear.

The minister was going to do great things with regard to farm machinery but he has not done anything. He has not even produced a set of guide lines. Some of the other ministers have relied heavily on guidelines but he has not produced any. He made a bold statement about the railway situation in western Canada. We have had a long, difficult debate on this bill, but not once did he give us the benefit of his wisdom. Not once did he stand up in the house and say, "I have a duty to speak when the farmers are prejudiced as they are." Not once did the minister take part in this debate to outline the modernization that he felt should take place in grain handling.

I should like to say one more thing about the movement of grain while we are on this aspect of the problems of western Canada and our whole transport system. Many members will wonder why we debated the question of the Crowsnest pass rates review so hotly. Here is a very good example. I should like to quote from an editorial in the Montreal *Gazette* for January 20. The heading is "Botched Bill'. The editorial makes reference to last Wednesday when we defeated clause 50. One sentence in the editorial reads:

What is certainly an issue is how much the railways should be paid for carrying such products at uneconomic rates.

We have heard judges criticize newspapers for passing judgment before a case has been heard. Here is a newspaper which boldly says that these are uneconomic rates. It reminds me of the attitude of the press throughout this debate. We in this House of Commons have been told time and time again by the news media that we should get down to work, that it is a terrible thing the way members project their petty conditions, their petty jealousies, and fight for personal gain. The news media, radio and television are continually telling members to get down to work, to set aside petty things and produce some honest-to-goodness legislation for the good of Canada.

The bill before us was described by the Minister of Transport as the most important piece of legislation that this house will be dealing with this year. We have spent two weeks debating it here and we spent six weeks studying it in the transport committee. We moved seventy amendments in the committee and we have moved something like seven or eight amendments here during the last two weeks. Do you know what I heard on C.T.V. news last Sunday evening? In a report on what was happening in Ottawa it was stated that Ottawa has been rather dull during the last two weeks, that not much has been happening but that the weeks ahead look good because there is a fight developing in the Conservative party over whether there should be an early or late leadership convention. Who is it who projects across the country the image of members not working? It is the vultures who sit up there. They are the ones who project this image across the country. No wonder we have a man coming to Ottawa and attempting to throw a bomb into this chamber.

There was an editorial in the *Star Weekly* some time ago to the effect that members had brought this on themselves because they had driven the man into a state of frustration. He had written letters and the newspaper reached this decision because of the letters he had written. The newspaper said the members of this house drove the man to frustration by continually fighting, displaying petty jealousies and trying to pick a fight over nothing. This is what we are supposed to be doing. We have been working hard for two weeks on this bill and we worked for six weeks in the committee. We have examined a bill which has some 94 clauses and will affect the Canadian economy. The minister described it as the most important piece of legislation the house will deal with this year.

The vultures sit up there waiting to see whether or not a member is going to be in a dangerous position. Then they flock in and feast upon the bones. If we are all healthy and working there is nothing sensational about which they can write so they circle high and stay away. They know nothing and care nothing about a parliament which is working. They want sensationalism to sell their newspapers and capture the imagination of the television and radio audiences. They have agitated the public and discredited the House of Commons all across Canada. They alone are responsible for the disrespect in which this house is held. It is high time that they educated themselves. When I first came to Ottawa I used to forgive the press.

• (4:50 p.m.)

Mr. Pickersgill: I hope the hon. gentleman will not mind too much, but a little while ago he asked what we were doing about speeding up the movement of grain. I should like to speed up movement of this bill a little, if we could leave the vultures aside and get on with the debate.

Mr. Horner (Acadia): I am going to deal with another aspect of the press and also with seaway tolls. The minister has thrown me completely off stride but I will come back to it.

When I first came to Ottawa to represent an agricultural area I used to forgive the press because not too many of them were farm boys or knew much about agriculture. Therefore I could not expect them to write intelligently on the subject. I had hoped that after nine years some members of the press gallery above us would become educated and would write intelligently about agriculture, but I found that as soon as they began to write intelligently their editors took them out of the House of Commons.

What the press wants is sensationalism. They do not try to create a good impression of what members of parliament are doing in the House of Commons. We have worked hard over the last two weeks and have brought in some beneficial amendments to this bill. We improved clause 16. We deleted the provision for a review in regard to a major commodity in western Canada. We improved clause 1 and amended a number of clauses in committee of the whole.

I should now like to turn to another subject dealing with transportation, and that is seaway tolls.

Mr. Pickersgill: Mr. Chairman, I do not want to seem to restrict any hon. member, but there is absolutely nothing in the bill having to do with seaway tolls, sir. I commend the hon. gentleman for his zeal, but an encyclopaedic debate at this late stage of the bill surely is not warranted.

Mr. Horner (Acadia): We all realize, Mr. Chairman, that this bill embraces all modes of transportation. The minister should not have been quite so quick. An earlier clause in the bill deals with the Transport Act which in turn deals with navigable waters in Canada. I should like to deal with navigable waters in Canada for a minute or two and also with the very foundation of the bill.

The bill provides that competition shall be the ruling force in setting rates. How can we move our goods to export markets by using a transportation system which has no regard for the movement of such goods to export markets?

I should like to quote an article in the Manitoba *Co-operator* for January 19 which says among other things:

> Washington has advised Canada it cannot reach an agreement on Canadian proposals to increase St. Lawrence Seaway tolls by roughly 10 per cent—

According to this article Canada wants to increase seaway tolls. The farmers want to move their grain economically to the lakehead by rail and then through the St. Lawrence seaway which was built by taxpayers' dollars and is part of a modern transportation system in Canada. Yet the Canadian government wants to increase tolls by 10 per cent. This is a problem that we are facing. Under this legislation railway companies can charge what the traffic will bear. We now see the Canadian government placing domestic producers in Canada in a worse position by advocating that seaway tolls go up another 10 per cent.

I urge the minister and the new transportation commission set up under this bill to keep a close and careful watch over the railway companies and the seaway authority. The onus will be on them to assure producers, whether it be of wheat, iron ore or manufactured goods, the right to move their goods to domestic or export markets. Even a manufacturer who wants to move his goods to a market in Canada must do so as economically as possible or he will be faced with severe competition from abroad. The same thing applies to the movement of iron ore or of wheat from western Canada by rail to the lakehead and then through the St. Lawrence seaway system to their final market. Control of transportation will rest with the 17-man commission that this bill will set up and the onus will be on that commission to assure the producers of Canada the right to market their products.

May I make one more point about competition. Up to this time the rate setter in the major centres of Canada has been the railways. Trucking companies have followed along at correspondingly lower rates in order to assure for themselves a portion of the business. As we look ahead this bill provides no ceiling on rate setting by the railways, so how is competition going to affect the rate setting of the railways?

Competition will have to come from the air lines. More and more air lines are moving into the field of bulk haulage of freight. The bill is very deficient, to say the least, in bringing about more competition among the various modes of transportation. It does nothing to amend the Aeronautics Act to allow for greater competition between the air lines and railways in the haulage of freight from many centres in Canada producing goods for domestic markets. During the past year businessmen in cities like Calgary, Winnipeg, Edmonton and Vancouver have been complaining that sufficient landing rights had not been established between their cities and other countries.

This bill does nothing, Mr. Chairman, to remedy the deficiencies in the Aeronautics Act and it does nothing to promote real competition between the modes of transportation which will set the rates in the years ahead, namely the air lines and railway companies. There is no doubt that the trucking companies will be in favour of the railway companies increasing their freight rates, because that in turn will allow the trucking companies to increase their rates on a scale in most cases somewhat below that of the railways.

In many respects this bill is deficient. While we have worked hard in the committee during the past two weeks and improved the bill a great deal, it could be further improved and broadened a good deal to provide greater safety for domestic producers and increased competition among the various modes of transportation.

• (5:00 p.m.)

[*Translation*]

Mr. Gauthier: Mr. Chairman, after 12 or 13 days of debate I think I may be allowed to speak and although I was assured two days ago that I would be the first to speak

on clause 1, other members once again got in ahead of me. But I realize, as the discussion goes on, that the first mistake of the minister was to show excessive tolerance to the other members who break the rules of the house. We have here, I feel, the natural result that ensues when the rules are not observed. I am completely opposed to this idea of standing consideration of clause 1 to the end of the debate. We see now what happens in such a case. We stand clause 1 and go on to clause 20, 50, 60 or 75 and then revert to clause 1 and to the point where we have to listen to members speak four or five times on clause 1. We can even see amendments to clause 4 or 75 brought forth on clause 1.

I think we are making the worst imaginable mess of this thing and that we cannot entirely blame one group or another for it, although one newspaperman took it upon himself to blame the whole opposition saying that the opposition was carrying out a filibuster.

Mr. Chairman, I should like to point out at this time that I am the first of my party to rise to speak on this transport bill. I have only general remarks to make but this I should like to say to the newspaperman I have mentioned and for whom I have much esteem: I am very surprised at his statement because he usually is very careful about what he writes. He seems to have taken leave of his good habits this time. It may be that certain parties gave the newspaperman the impression that a filibuster was being carried out but there again, I am not ready to cast the first stone at anyone because in view of the significance of this bill, it is quite normal I think that such a discussion be foreseen, particularly on the part of the Conservatives, but I should not like to put all the blame on them because if more Conservatives seem to take part in this discussion, it may be because we have been discussing the problems of the west for the last 12 days.

In this regard, I was saying a few minutes ago that I am most anxious to get out, to fly out, once and for all from this Crowsnest pass.

We have been in the Crowsnest pass for about ten days and I wonder when it will hatch. Here again, I am not blaming the members from western Canada, because they are pleading their case, and I only hope that from now on we shall adhere to the rules. I object especially to any violation of the rules, because if we had fully complied with the standing orders, we would not be experiencing our present difficulties today.

I do not wish to speak too long on the subject, because I tried to take a few notes so as to keep my remarks to a minimum and avoid incurring the accusations often made by journalists against the opposition.

Mr. Chairman, allow me first of all to congratulate the Minister of Transport (Mr. Pickersgill). We have few opportunities to do so, but I must commend him for his continual attendance in the house during the discussion of his bill. He is also to be commended for his repeated interventions, because it seems, at first sight, that he has taken up alone half the time devoted to this study. It was worthwhile, since we shall probably pass within a few days one of the most important bills for the country. The minister was therefore right when, in his statement at the committee stage, as reported on page 11372 of *Hansard* for December 20, 1966, he gave the following warning:

> I think we all realize that transportation, as I have said too many times already, is the bony structure of our country and that it is very important to keep the skeleton healthy if the body politic is to be at all healthy. We had a big responsibility, when we came to do something about its basic structure, to make sure that we did it well.

In fact, Bill No. C-231 indicates the course of action for the future Canadian Transport Commission. I must say also that I was greatly surprised when, after that introduction, the minister told the house that this bill should be passed before December 31, 1966, in order to avoid the legal and administrative effects of a delay.

Those are very surprising words coming from a minister whom I always considered very sincere.

The minister knew very well, when he said this, that he was asking the house to do the impossible. He knew very well that the budget contained no provision for further payments to the railways after December 31, 1966. The minister also knew that the order in council dealing with the freeze on present rates for grain moved to Atlantic and eastern ports was due to lapse on December 31, 1966.

He was perfectly aware of the conditions set forth by the railways with respect to abandonment of branch lines on so-called protected lines. Knowing all this, why was the bill not introduced two months earlier? Why was it not brought down ahead of the medicare bill, for example, which will only be put into operation in 1968? Why did he take such a risk with the economy of our

country? Was it to protest loudly and publicly that the opposition is holding up the business of the house? Or did he wish to shock the house so that it would hastily pass a piece of legislation deserving the most thorough scrutiny?

• (5:10 p.m.)

That is the procedure to which we have always taken exception, ever since we came here, and we entreat the government to stop playing this game, for although I have drawn the attention of the house to the present bill, I could say as much for other measures, for the government has taken wicked pleasure in using this weapon.

Canada is a vast country and it seems even bigger as in the course of the present debate one hears the different opinions of various parts of the country from the Atlantic to the Pacific and particularly as one becomes aware of the different worries and many needs of the various economic regions. In fact, I think it might be preferable to have a definite law for each region in the country.

Therefore, I hope the hon. minister, who is certainly full of good will, as may be seen from his patience in listening to all our opinions and his determination in answering all our questions as clearly as possible, may give this direction to the business of the house.

Often, it is not his explanations which seem obscure, but the economic complexity and diversity of various regions which make it difficult to implement legislation.

In some parts of Canada, all modes of transport are operating simultaneously and seem to be in competition with one another while in some others, there is neither the number nor the competition, yet, all citizens are entitled to the same justice.

For instance, in my riding of Roberval, the activities are far less numerous than in large cities, since we make shift with the C.N.R. and private trucking. We hope that with the new act, the Roberval-Lake St. John valley will be looked upon as deserving more attention than it has received in the past.

As far as the Canadian National is concerned, I should not like this bill to permit the Canadian Transport Commission to simply eliminate the Chambord-Dolbeau branch line. I am notifying the hon. minister because the C.N.R. authorities have already tried to greatly reduce the freight service by suggesting the closing of certain stations in rural areas.

[Mr. Gauthier.]

Of course, I am not afraid of the branch line being eliminated, for the C.N.R. knows very well, in view of freight level and logging companies and so on, that this branch line is the most economical in eastern Canada in relation to its run.

But, it is on passenger service that I wish to call the attention of the minister. Certain young Montreal technocrats, who came to the area, will try to satisfy the commission that the operation of that passenger train is uneconomical. But I can assure you that it is so because the most important point of all was overlooked: service. Indeed, if users in Montreal, Ottawa or Toronto were to receive the same treatment as those of the Lake St. John-Roberval area the "intermetropolitan" trains would be empty.

Once it has been decided that a line is uneconomical, it is not so stated overnight. They do precisely as the Canadian National authorities are now doing, in my area. They start by removing the postal service, thus taking a capital daily revenue from the express service. They gradually abandon the express service to individuals, to such a point that we now have left but one express car, and they even talk about removing it. And because not a single dollar was spent on improving passenger service in the last 30 years, because there is a preference for building skyscraper hotels in large centres, the future commission will be directed to take away the last passenger train, while the former users will still be obliged to foot the bill for the follies committed in large centres. Such is the sorry lot of our remote areas.

In order to remedy this situation, I suggest that commissioners should be chosen in remote areas rather than in large cities; for instance, they should be chosen among the chairmen of great farm co-operatives in the province or in all other provinces, the labour leaders, county council associations, etc., since the law will, after all, be administered by the commissioners. Therefore, we must act at that level in order to assure equal justice.

After freezing the arbitrary decisions of the Canadian National authorities until this bill is passed, we now ask the government to make a sensible choice of commissioners.

In our area, the track itself should be completely rebuilt. That is what is most urgently needed. Then, there are the passenger coaches. The minister must convince the C.N.R. management, since we failed to do it, that the coaches for the Chambord-Dolbeau

line will be used by human beings. I wish the minister had come to my riding, particularly around the Christmas and New Year holidays. I would say that the coaches we had were the first ever used in Canada. As a matter of fact, for a moment I was sure that they were being shipped to the Saguenay historical society museum when a station master brought me back to earth.

I know that the minister likes a good laugh but there is a limit to ridicule. I am confident that this time my representations will be heard favourably and that I will not have to raise the matter a tenth time.

I also want to call to the attention of the minister the situation of our private trucking companies which are up against the C.N.R. with its own fleet of trucks. In fact, when we subsidize the C.N.R. and, indirectly, its trucks or trailers with the taxpayers' money, we must remember that we are also taxing the trucking companies which employ more people in my area than the C.N.R. Thus we are forcing our private companies to pay the cost of an unfair and illegal competition. The new legislation must therefore prevent such injustice.

I also pointed out to the minister on other occasions some hypocritical methods used by the C.N.R. on passenger trains running between Montreal and Dolbeau, particularly with regard to sleeping cars. A few years ago, accommodations cost $5, then $7 and today $9. That is more than the price of the ticket. You will be told that the $9 includes $2 for the meal, but what if the passenger does not eat—indeed what if he cannot eat—in fact, the train leaves Montreal at 9.30 p.m., long after supper time, and in the morning, when you wake up, in Roberval or in Saint-Félicien, there is neither kitchen nor cook. For the return trip, it is even worse, since we arrive in Montreal at 7.10, and coffee is served at eight o'clock. I say "coffee" because I had the experience once: when I came in to the dining-car at seven o'clock, I was told that there was no more coffee.

• (5:20 p.m.)

If this is not deluding the public hypocritically, I wonder what all that means. Where are those truly responsible in the Canadian National?

Furthermore, what effect will this bill have on interprovincial transportation? Mr. Chairman, on this point, I would simply like to quote an article which appeared in *La Presse* today, the 26th of January, pointing out that Quebec had protested to Ottawa about that. I trust that the minister received this protest, since we can read this.

> The federal bill to define and implement a national transportation policy for Canada prompted strong protest from Quebec to the federal government.
>
> That is what Quebec premier Daniel Johnson said yesterday in the legislature in reply to the leader of the opposition, Mr. Jean Lesage.

Mr. Jean Lesage had asked the premier to table the correspondence he had exchanged with the federal Minister of Transport, and Mr. Johnson replied that he could not, unless he received permission to do so from the minister himself. That is as it should be, it is legal, because that is what we are told here when a question is asked about a third party; I believe the Quebec premier was right in giving such an answer. On the other hand, the attack by the Leader of the Opposition was nothing but boastfulness and hypocrisy.

I hope the present minister saw to it that an answer was forwarded to the Quebec premier as soon as he received this protest, because I sincerely feel that the Quebec government is very worried at present, and has good reason to be, in view of what has been happening these last few years.

Repeating that he had sent a letter of violent protest to Ottawa, Mr. Johnson said, and I quote from the newspaper:

> —the bill, to which Mr. Lesage had given his approval while in Ottawa, represented a "mouse-trap" which the Union Nationale government had continuously rejected before 1960.
>
> He went on to say that clause 5 of the bill contained a provision enabling the federal authorities to take over provincial jurisdiction in the transportation field.

Now then, we would not want to pass a bill providing more mouse-traps, thus placing Quebec in an even more difficult position.

I want to put one last point on the record —since words come to pass and writings remain—with respect to newspaper reports on increased Canadian Pacific Railway profits. No doubt all hon. members have read this report. For the month of November, Canadian Pacific Railway revenues amounted to $48,103,659, with expenditures totalling $43,880,358, leaving $4,223,301 in net profits for one month. The report goes on to state the profits, revenues and expenses covering an 11-month period. From January to November, 1966, railway revenues amounted to $505,-392,223, with expenses totalling $461,859,497 giving a net profit, for 11 months, of $43,-532,726.

The figures are then compared with those of Canadian National Railways, a crown corporation. For the same 11-month period, Canadian National Railway revenues amounted to $812,309,000 with operating expenses totalling $802,305,000 leaving a difference of $10,004,000, which represents the net deficit on railway operations.

Mr. Chairman, I must say that I am very surprised to note according to those figures, that the Canadian Pacific Railway, with net profits exceeding $43 million, enjoys the same subsidies as the Canadian National Railways, operating at a $10 million deficit.

What is being protected through all that? What influence does the Canadian Pacific have with the authorities of the commission that it can get the best lines while benefiting from the same assistance as the Canadian National? Might some of the powers that be in the Canadian National have interests in the Canadian Pacific? Why are some shareholders of the Canadian Pacific going up in the management of the Canadian National?

There, sir, are some of the questions the people of Canada are asking themselves today. The time I am allotted does not allow me to take the wraps off that extremely favoured company, the Canadian Pacific. We had another example yesterday, when a member proposed an amendment to allow municipalities to tax the Canadian Pacific where it operates within their limits. The amendment was negatived.

The Canadian Pacific has nearly always been exempt from paying certain taxes. Even the minister, at times, seemed to invite the Canadian Pacific to pay certain taxes in certain places. I would submit, Mr. Chairman, that the point is not to "invite" that company, because the Canadian Pacific is just an ordinary company like all the other companies in Canada which pay taxes for their presence, but to require the payment of taxes by the Canadian Pacific as a private company. If this bill stipulated that the Canadian Pacific must pay taxes, in view of all the privileges it enjoys, this would not only benefit the Canadian people but it would be fair toward the other companies.

It is incumbent on the government to bring our transportation companies into line and to remind them that they must serve the people not take advantage of the people.

[*English*]

Mr. Pickersgill: Mr. Chairman, I would like to say a brief word about one subject which the hon. gentleman mentioned. He made reference to certain proceedings that took place in the Quebec legislature yesterday. Strictly speaking, under the rules of our house we are not supposed to import strangers into our debates here, but I am not going to make any point of that. I have the impression that if we in this house talked about the exercise by a provincial legislative assembly of its functions we would be criticized pretty strongly in that assembly.

What I want to make very clear is that although there was very little if any debate in committee on Part III of the bill, that part of the bill respecting extra-provincial motor vehicle transport is completely and exclusively within the jurisdiction of this parliament.

• (5:30 p.m.)

There is absolutely nothing in it which invades in any way anything about which a provincial legislature can legislate. If we are to have any law at all in this country with regard to trucking companies which operate from one province to another or which travel out of a province into another country, that law can be made by this parliament and by this parliament alone. No one else can make such a law because that is the way the constitution reads. We cannot regulate trucking operations which are entirely within a province because that is entirely within provincial jurisdiction. We have never attempted to touch that and are not doing so in this bill. We have no intention in this regard.

With regard to the Motor Vehicle Transport Act passed by this parliament in 1954, the purpose of that act was to fill a vacuum in the law. For many years it had been believed that jurisdiction over all trucking operations, even those crossing from one province to another or even going outside the country, was within the province. This parliament never attempted to make any law regarding that subject matter until the matter was taken to the courts and carried to the Privy Council. The Privy Council decided that parliament and parliament alone could make laws in respect of that matter.

The result was that there was no law at all, because parliament had never made one. At that time I was a very junior member of the government but, as I believe every hon. member here knows, I was a very close personal friend and a former aide, if you like, of the then prime minister, Mr. St. Laurent. I remember very well the discussion which took place at that time about this decision. I

remember very well the time when the Motor Vehicle Transport Act was introduced to fill this gap in the law. This act has been the law of Canada since 1954 and to the best of my knowledge its constitutionality has never been challenged in the only place where a challenge could be made effective, in the courts, by any provincial government or by any agent of a provincial government. That is the situation. All we are doing here is continuing to exercise that jurisdiction which parliament and parliament alone possesses. That is the factual situation.

This is a free country and I take no exception at all to what anyone wishes to say concerning what we are doing in this house. We, after all, are the people who must decide what is to be done in matters which are exclusively under the jurisdiction of parliament. I suggest that if we are to have a country at all it is just as important to protect the autonomy of Canada as it is to protect the autonomy of any province. I do not believe there is any member in this house who has been more anxious than I to respect in letter and in spirit the full rights of the provincial legislatures which are given to them by the constitution. I believe that the powers that were given to the provincial legislatures were given to them and to them only and that we should neither attempt to invade them nor take them away. I also believe, however, that provincial legislatures and other people should not try to take away from parliament or appear to suggest that parliament cannot exercise the jurisdiction which belongs to us and to us alone, in this parliament as representatives of the people of Canada.

It is possible that we might desire to change the constitution or change some of its provisions. This has been done before. It was done quite recently. It was done in 1952 in respect of old age pensions and there was another amendment made a year or two ago. These amendments can be made. But so long as jurisdiction belongs to this parliament and to this parliament alone we are the only ones who have any say concerning how that power shall be exercised. Each person must act according to his best idea of what is the proper thing for us to do.

[*Translation*]

Mr. Gauthier: Mr. Chairman, may I ask a question? I thank the hon. minister for his answer and I would like to ask him whether it would be possible to tell us if he received any protests from the province of Quebec and whether he answered them.

[*English*]

Mr. Pickersgill: The hon. member for Sherbrooke attempted to ask the same question on orders of the day. At that time I happened to be out of the chamber for a moment or two preparing for later events. I therefore was not able to answer his question. I indicated to him that if he would ask it at this time I would have an answer for him. I think it is only fair to the hon. member for Sherbrooke that I should mention this because he was very alert to ask the question, as the hon. member for Roberval has been. The answer is that I received no protest from the premier of Quebec. I would not have expected to. The premier of Quebec did write about this matter to the Prime Minister. He is the person to whom I would expect the premier to write. The Prime Minister replied. I believe there was a second letter and a second reply. I consulted my right hon. friend in anticipation of the question from the hon. member for Sherbrooke.

I am authorized by the Prime Minister to say that so far as we are concerned there would be no objection whatever to the production of this correspondence but we feel, nonetheless, we should make sure by means other than reading about it in a newspaper that the premier of Quebec has no objection. Steps will be taken to do that today, I hope, so that if there is no objection we can comply tomorrow or at the latest on Monday with the request for the correspondence which I should be very glad to have made public.

[*Translation*]

The Deputy Chairman: Does the hon. member for Sherbrooke wish to direct a question or to take part in the debate?

Mr. Allard: Mr. Chairman, I should have liked to participate in the debate. But it seems to me the Chair is a little short-sighted and that we do not often get the opportunity, in this corner of the house of being recognized, especially during this debate on transportation.

So, if you do not recognize me, I will resume my seat once again.

The Deputy Chairman: The hon. member said that the Chair seems to be affected with a visual defect of some kind or that it is a little short-sighted. I must point out to the hon. member, who gave notice to the Chair of his desire to ask a question, that it is for that reason I am asking him whether he

wishes to ask a question or take part in the debate.

Mr. Allard: Mr. Chairman, the question was asked previously by the hon. member for Roberval (Mr. Gauthier). I should like to participate in the debate for five or six minutes, not very long, as you deem it proper.

[*English*]

Mr. Cadieu (Meadow Lake): Mr. Chairman, I must say that I have followed this bill with a great deal of interest. When I spoke on another clause I mentioned that my constituency had many problems. At that time the minister mentioned that he hoped I would read the bill. I have done so; I have studied it from cover to cover. I must say I am very pleased with the debate which has taken place. The debate has been thorough as I believe it should be on a subject as important as transportation in this great nation of ours.

• (5:40 p.m.)

I was very pleased to note that the minister was aware of the concern in my area with regard to rail line abandonment. I was also very pleased to hear the announcement made by the minister the other night that no applications for rail line abandonments will be granted before 1975. I think this is very good but I hope that in the meantime consideration will be given to closing the gaps to which I referred so as to provide the service which rightfully belongs to the people in that area.

I did some further research to find out more about the contract that was signed for the construction of a branch line on Spruce Lake the subdivision of the old Canadian Northern Railway and to discover what was holding it up. I have in my hands the Order in Council with regard to this matter and I should like to put on record, that it is dated May 27, 1927, 40 years ago. This 38-mile gap has been left there for 40 years. If one looks at the map of rail line abandonments one can see a natural barrier in the area north of the North Saskatchewan river. Not a single railway line crosses the provincial boundary in that area. I think this is a shame and I believe that discrimination has been exercised. One can see there a gap extending 38 miles. The result is that all freight on the west side of the provincial boundary has had to be transported through Edmonton to reach the head of the lakes or the port of Churchill.

[The Deputy Chairman.]

Mr. Donald Gordon, speaking in Winnipeg in 1962, referred to the cost of moving grain over some of the branch lines. He estimated that the cost in some cases was as high as 15 cents per ton mile. When one realizes the amount of grain that has had to be transported hundreds of additional miles owing to the gap existing there one realizes that if a rail line had been built to close the gap it would have paid for itself in one year.

Hon. members may wonder why more people in that area have not spoken and asked that this important gap be closed. The reason is that people become discouraged when they wait for something for 40 years. We realize that there is no shortage of material for building railway lines. What I wish to bring out tonight is not the fact that we know that this line will not be abandoned for a few years but our hope that the railway company will decide to fill in this gap to give the people the service that is required.

In the same speech in Winnipeg Mr. Gordon pointed out that in many cases grain was being trucked for 4 to 8 cents per ton mile. I do not think Mr. Gordon has ever done much trucking or he would not have quoted such a figure. I am familiar with trucking and I know that any truck driver who attempted to haul grain for 4 cents per ton mile would not be in business very long. I hope that the railway will decide to close this gap at the earliest possible date. Then we can consider the situation and decide whether the line is a paying proposition.

I did some further research to find out what has been done about the expansion of the line from St. Walburg in Saskatchewan to Bonnyville in Alberta. I have here a copy of the Order in Council dated July 2, 1929. The first paragraph reads as follows:

> The committee of the privy council have had before them a report, dated June 27, 1929, from the Acting Minister of Railways and Canals, representing that the management of the Canadian National Railway Company have furnished a plan showing the proposed location of a proposed branch line of railway of the Canadian National Railway Company, one hundred and twenty-six miles in length, extending from St. Walburg in the province of Saskatchewan, to Bonnyville in the province of Alberta. The expenditure for this line, estimated at $4,212,000, has been authorized by chapter 32 of the Statutes of Canada, 1929.

I think this is disgraceful because although the grade was constructed the steel was only laid from Bonnyville to Grand Centre,

approximately 29 miles, and left there. It appears, from looking at the map that the railway was afraid to cross the provincial boundary. One cannot help but reach the conclusion that pressure was applied by an effective group of people in one of the cities to stop this line from being constructed. If one looks at the map closely one can see that not one railway line crosses that vast area North of the North Saskatchewan river. I hope that in the period of time when no rail line abandonments are to take place the railway companies concerned will take a close look at the situation. There will be no shortage of material available, as I said before.

In speaking about the St. Walburg line I should like to say a few words about the number of settlers who have become established in that area. Both Orders in Council to which I have referred have stated reasons for this settlement, namely, to improve the area and to develop the country. Nothing was done about this but I should like to mention some of the injustices that have taken place. In the dry 30's many people moved up from the south to what was called the Saskatoon settlement in the Loon Lake area and also the Moose Jaw settlement. Many people from other countries settled in this area and built up fine farms. If justice were done the railway lines would be completed for these people even at this late date.

• (5:50 p.m.)

I shall now refer to the three lines that are up for abandonment in the constituency of Meadow Lake. I should like to say something about the Heatherly subdivision line from North Battleford to Medstead. It would be very unjust to abandon the line in this area. The C.P.R. has applied for abandonent to a point near Leoville. It has been operating as far as Medstead and using running rights on the C.N.R. line. This provided a connection between North Battleford and Meadow Lake. Both these lines are up for abandonment.

Should not the Canadian National get this part of the C.P.R. line so it can run trains in to link up with the C.P.R. and by means of running rights go into the vast area of Meadow Lake? Certainly it would not hurt anybody if the two railways went into Meadow Lake. Approximately 100 miles to the south is the city of North Battleford. I do think these people should not be cut off completely from Meadow Lake so far as rail transportation is concerned. I think it would be only just if the C.N.R. were given running rights from Medstead to join the C.P.R. line near Leoville and then go on into Meadow Lake. I believe one railway should also make an extension beyond Meadow Lake to the west and into the north country.

The resources are there. There are many people in the area hauling grain from west of Goodsoil clear to Meadow Lake. I do not think this is fair. The C.P.R. has had running rights all these years from Prince Albert to Debden, and I think the C.N.R. should be given running rights over the C.P.R. from Medstead to Meadow Lake; either that or the branch line of the C.P.R. from Leoville to Medstead should be turned over to the C.N.R. It is not just that a city the size of North Battleford should not have a railway link with Meadow Lake.

Before there is any talk of rail line abandonment these matters should be very seriously considered and the railway companies should be compelled to accept their responsibility in this regard. The situation that prevails at the moment is very unjust. I have referred to the order in council. The C.P.R. was given almost blanket permission to run wherever it wanted and build a line. This is how it got running rights from Prince Albert to Debden.

These are some of the big beefs of people in the constituency of Meadow Lake. I hope these complaints will be seriously considered and we will not have to wait another 40 years before something is done about them. There are many other problems in this area. We all have a beef about freight rates. I believe there is a lot of injustice in this field. I do not think the country is getting the service it should get. We cannot be getting the service we should when a constituent can write to me saying, "Mr. Cadieu: Is it impossible for me to buy a railway ticket to a city like North Battleford? The railway tells me that I cannot buy a ticket." This is a city of 25,000 or 30,000 people only 100 miles from Saskatoon, and there is no passenger service. I do not think there is any justice in that and the matter should be looked into.

We have a line to cities like Prince Albert and North Battleford, with no rail service whatsoever between them. In recent months I have received complaints from livestock buyers who say they cannot use the railroad line because the trains only leave at the end of the week, and they will not ship stock and let them lay over at the stockyards all week end. The railway could make money in moving these cattle but they have done themselves

out of the business by not providing service to the people.

Therefore I hope this new commission will get down to business and work out a policy whereby this country will be given the opportunity to develop in the way it should. I read from Mr. Gordon's speech made in Winnipeg. He said that since the last great war $200 million had been spent on opening up railway lines to mining areas but not one single penny has been spent that would benefit agriculture.

Mr. Pickersgill: Mr. Chairman, it is almost six o'clock. I understand there is a desire to have the private members' hour this evening. I was wondering whether before the committee rose there would be a disposition now, since hon. members have had a chance to look at the proposed amendment, to give unanimous consent to its introduction. That does not mean it will pass.

The Deputy Chairman: Is this agreed?

Some hon. Members: Agreed.

The Deputy Chairman: Shall the committee revert to clause 74 and let clause 1 stand?

Mr. Pickersgill: That would be very agreeable to me, sir. If we could revert to clause 74 I should like to move the amendment.

The Deputy Chairman: Is this agreed?

Some hon. Members: Agreed.

On clause 74—*Cessation of "bridge subsidy".*

The Chairman: Order. Before I put the motion from the chair I should like to remind hon. members of standing order 50 which states as follows:

> Whenever Mr. Speaker is of opinion that a motion offered to the house is contrary to the rules and privileges of parliament, he shall apprise the house thereof immediately, before putting the question thereon, and quote the standing order or authority applicable to the case.

I am not now going to rule on whether this amendment is in order; there is no question before me. But I say to the committee that the procedure being adopted is highly irregular. However, the committee is in charge of its own rules, and if it prefers to accept this amendment unanimously that is entirely up to the members of the committee. Having made this statement, I feel that the position of the Chair is clear. Is it now unanimously agreed that I put the motion to the committee?

[Mr. Cadieu (Meadow Lake).]

Some hon. Members: Agreed.

Mr. Hellyer: I so move, Mr. Chairman.

The Chairman: It is moved by the Minister of National Defence:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended by adding immediately at the end of page 64 of the bill, as reprinted, the following:

"Grain products" defined.

"470. (1) In this section "grain products" means any commodities to which, under the freight tariffs of the company in effect on the 1st day of January, 1966, the rates known as grain products rates, flaxseed products rates or rapeseed products rates applied on that date.

Condition precedent.

(2) It is a condition precedent to the payment to a railway company of any financial assistance provided, in respect of the movement of grain or grain products as in this subsection described, pursuant to a report under paragraph (e) of subsection (1) of section 15 or otherwise provided to the company as compensation for an imposed public duty in respect of such movements, within the intent of paragraph (c) of section 1 of the National Transportation Act, that the company has not increased the level of rates prevailing on the 31st day of December, 1966,

(a) on grain products other than flour moving from any point west of Fort William to Fort William or to Port Arthur over any lines of railway of the company;

(b) on grain products other than flour moving for export from any point west of Fort William or Armstrong to Churchill over any line of railway of the company;

(c) on grain or grain products moving for export from any point west of Fort William to a Canadian port on the Pacific coast, other than Vancouver or Prince Rupert, over any line of railway of the company;

(d) on grain products other than flour moving for export from any point west of Fort William to Vancouver or Prince Rupert over any line of railway of the company; and

(e) on grain or grain products moving from any point west of Armstrong to Armstrong over any line of railway of the company.

Rapeseed.

(3) For the purpose of this section and section 328 and the act and agreements therein referred to, the expression 'grain' includes rapeseed and the rates applicable to the movement of rapeseed from any point referred to in subsection (2) of section 328 after the coming into force of this section shall not exceed the rates applicable to flaxseed.

Rate differential study.

471. Not later than six months after the coming into force of Part I of the National Transportation Act, or this section, whichever last occurs, the commission shall undertake a study of the differences between rates on grain moving for export to ports in British Columbia and rates on grain moving otherwise to such ports, and shall report to the governor in council for such action as he deems desirable or expedient in the public interest."

Mr. Pickersgill: Mr. Chairman, perhaps I should say this when the Speaker takes the chair, but I believe it was the understanding that the private members' hour was to go on today and notwithstanding that fact we would take the hour off from seven o'clock to eight o'clock. I would certainly appreciate that because there are one or two points upon which I should like to get a little advice.

• (6:00 p.m.)

Mr. Knowles: May we also have it understood now which clause we will be discussing at eight o'clock?

Mr. Pickersgill: I think there is no doubt about that. Clause 1 was stood. Clause 74 was called and an amendment was moved by the Minister of National Defence. The amendment is now before the committee, so I think it is clause 74 and the proposed amendment thereto which will be discussed.

The Chairman: When the committee resumes after eight o'clock clause 74 will be considered. It being six o'clock, pursuant to the provisions of standing order 15(3), in order that the house may proceed to the consideration of private members' business I do now leave the chair.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Sherbrooke (Mr. Allard), Transportation—Montreal—Use of French language in railway transportation services; the hon. member for Winnipeg North Centre (Mr. Knowles), Unemployment Insurance—Request for increase in maximum benefits; the hon. member for Kent (N.B.) (Mr. Crossman), Transport —Improvement of ferry service, Digby-Saint John.

I think there is some agreement amongst members of the house that when private members hour expires at seven o'clock the house will suspend its sitting.

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered. The order of business for today as listed is notices of motions for papers, private bills and then public bills. Is it the intention of the house to proceed with private bills?

Some hon. Members: Agreed.

PRIVATE BILLS

SEABOARD FINANCE COMPANY OF CANADA

Mr. A. J. P. Cameron (High Park) moved the second reading of Bill No. S-21, to incorporate Seaboard Finance Company of Canada.

He said: Mr. Speaker, the purpose of this bill is to incorporate a small loans company within the meaning of the Small Loans Act, Revised Statutes of Canada, 1952, Chapter 251. Section 2(f) of the Small Loans Act defines a small loans company as being "a company incorporated by special Act of Parliament and authorized to lend money on promissory notes or other personal security and on chattel mortgages." The proposed small loans company would be known as Seaboard Finance Company of Canada. There is already in existence an Ontario Company known as Seaboard Finance Company of Canada, Limited. Should parliament grant a charter under the provisions of the Small Loans Act, the existing Ontario company would immediately proceed to sell all of its commercial paper to the new federal company.

The Ontario company would also proceed immediately to effect a change in its corporate name to one completely dissimilar to that of the federal company and change its corporate objects from those of a finance company to those of a holding company.

The existing Ontario company, Seaboard Finance Company of Canada, Limited, was incorporated by Ontario letters patent on August 17th, 1955. There are two basic ways for a company to become authorized to make small loans. The most obvious is to apply to parliament for a charter under the provisions of the Small Loans Act. The second and relatively more simple way is to incorporate a provincial letters patent company and to obtain a money-lenders licence for that company from the federal Department of Insurance.

when Seaboard commenced its operations it did so in Ontario initially on a small scale.

That being the case it did not wish to take the time or trouble to apply to parliament for a charter under the Small Loans Act. However, now Seaboard is a large organization operating on a nation-wide scale in every province except Prince Edward Island and Newfoundland. Seaboard therefore feels that it should more properly be operating under a federal rather than a provincial charter. It wishes to take this step notwithstanding the fact that by so doing the operation of Section 13 of the Small Loans Act would result in most of the regulatory provisions of the Loan Companies Act R.S.C. 1952, Chapter 170, being made applicable to the federal company. For example, Section 19 of the Loan Companies Act requires that a majority of the board of directors of a company incorporated under the provisions of the Small Loans Act must be residents of Canada and British subjects. Nevertheless Seaboard, operating as it now does on a nation-wide scale, would prefer to do so under a federal charter and has therefore petitioned parliament accordingly.

Mr. Frank Howard (Skeena): In recent years, Mr. Speaker, the house has given greater and greater attention to this type of bill. In passing and by way of comparison, may I say that when North American General Insurance Company was incorporated not many years ago there was no discussion. I looked up the record and ascertained that the bill was sponsored by the then member for Mount Royal, I believe, former Speaker McNaughton when he was a private member. There was not one word said during the progress of that bill as recorded in *Hansard*. There was just a motion to give it second reading without any comment by anyone. Likewise, on the motion for third reading there was not a word expressed about the purpose of the incorporation or anything of that sort. The bill was referred to a committee, but what transpired there we do not know, because no verbatim record of the proceedings of the committee was kept.

• (6:10 p.m.)

As a result of the recent traumatic experiences of the shareholders and investors of Prudential and Atlantic there has been growing concern in the minds of Canadians about whether or not they are dealing with sound, efficiently operated companies. Consequently, though this responsibility rested on our shoulders to a great extent before there is an even greater responsibility resting on the shoulders of members now with regard to such bills. This responsibility is to do our level best to see that we are being asked to incorporate companies which are likely to operate their business in such a way that the operation is not sound or ethical. Quite frankly, as I have said on other occasions in this house we do not have the machinery or the adequate facilities to enable us to do this. The best we can do is to make extensive inquiries during debate and to follow up in committee, drawing only on our relative ignorance and the advice given to the committee by the Department of Insurance with regard to a particular company.

On December 8 last, Mr. Speaker, I made some comments in connection with another company seeking incorporation. That company engages in the same field of business and in seeking a federal charter it also desired to replace provincially-chartered companies. Earlier I telephoned the hon. member for St. Paul's (Mr. Wahn) to advise him that I had something to say which would be directed to him but unfortunately the hon. member cannot be here today and I do regret making these comments about this conversation in his absence. However, I am sure he will have the opportunity to follow this up.

On December 8 last I expressed concern about the manner in which a company called Aetna Investment Corporation Limited had conducted itself in so far as the purchase and sale of shares in Cowichan Copper Company was concerned. At that stage the hon. member for St. Paul's rose and indignantly asked whether I would be prepared to repeat what he classified as "slanderous remarks" outside this house and I said that I would. Subsequently the hon. member for St. Paul's and I had a conversation outside the chamber in which he repeated his request that I make my statement outside the house, to which I replied I would be pleased to do so. Following this the hon. member said he would send a newspaperman to my office the next morning so I could speak to him about it. I waited all next morning hoping some newspaperman would call upon me at the request of the hon. member for St. Paul's, but no one came.

However, Mr. Speaker, all this is aside from the other matter I want to deal with in connection with the operation of this company. Shortly after the events of December 8 I came to understand the intense concern of the hon. member for St. Paul's about the activities of Aetna Investment Corporation Limited, because I subsequently discovered that one George E. Creber, who at the time was

vice-president and a director of Aetna Investment Corporation Limited, is also the same George E. Creber, or so I am informed, who is a partner in the law firm of the hon. member for St. Paul's. Therefore, Mr. Speaker, it seemed to me that there was not that detached approach to that bill that one might have expected, that there was more of a personal or individual involvement in the matter on the part of the hon. member for St. Paul's his law partner being vice president and a director of Aetna Investment Corporation Limited.

The president of Aetna Investment Corporation is a Mr. Mark Tanz. Mr. Tanz was quite concerned about what I said on that day in the house in connection with the operation of his company and so he came to see me. We had a long conversation about the activities of Aetna Investment and other companies with which Mr. Tanz is connected. Mr. Tanz advised me that he had no personal dealings whatever in the sale or purchase of Cowichan Copper shares. Upon hearing that I tendered to him my apology for involving him individually in the transaction which took place, and I now publicly tender my apology once more to Mr. Tanz for having intimated, if not having said directly, that he had participated in the sale or purchase of Cowichan Copper shares.

Subsequently, Mr. Speaker, another matter came to my attention which I think places us in an even more awkward position when dealing with bills of this sort in the house. I am quite sure that the hon. member for High Park, as sponsor of this bill, is taking the information which has been given to him at its face value. He is accepting the word of whoever is promoting this bill. He presents to the house what he is told is the case, and what else can he do? I do not think that he should be expected to be a private investigator inquiring into all the nooks and crannies of the structure of the company whose bill he is sponsoring.

Consequently, if anything untoward happens the sponsor of such a bill is left in an extremely untenable position. Not only that but if there is, as is the case in some instances, a connection, however tenuous, between members of the house and those interested in the company either through a law firm or because they are directors of associated companies, then these members are placed in an awkward position. I submit we must look extremely carefully at this sort of thing.

On April 15, 1965, Sheep Creek Mines Limited, which subsequently became Aetna Investment Corporation Limited, filed a document called a filing statement with the Toronto stock exchange. This document is extremely important in talking about the involvement at Aetna Investment Corporation with Cowichan Copper Company, and at this juncture I do not want to go beyond that point and to talk about other connected companies.

This filing statement dated May 5, 1965, was a specific undertaking, and I should like to quote from it:

> The undersigned Sheep Creek Mines Limited hereby undertakes and agrees with the Toronto Stock Exchange that all shares of Cowichan Copper Co. Ltd., (Non-Personal Liability) acquired by it pursuant to the agreement between the undersigned and said Cowichan Copper Co. Ltd., (N.P.L.-et al) dated 12 April 1965, as referred to in Item 9 of the filing statement of the undersigned dated 12 April, 1965, will be held for investment purposes only and will not be sold or distributed for a period of six months after the date or dates of acquisition thereof and thereafter will not be sold or distributed without prior notice of such sale or distribution being filed and accepted by the Toronto Stock Exchange.

This filing statement is really in the form of an undertaking for the specific purpose, I submit, of protecting the rights of other shareholders in Cowichan Copper. Reading the statement of Aetna Investment Corporation Limited filed on October 17, 1966, wherein is set out the purchase of Cowichan Copper Company Limited's shares, with the price paid and the amount received shown by months, one sees that it shows conclusively that Aetna Investment Corporation Limited sold its block of shares in Cowichan Copper Company Limited contrary to and with full knowledge of the undertaking made to the Toronto stock exchange on May 5, 1965. It is argued that this was an oversight, that one Robert A. C. Douglas, at one time secretary of the company—I do not know if he is still secretary—and also a barrister in Vancouver, forgot to notify the Toronto stock exchange of the sale of the Cowichan Copper Company Limited's shares.

• (6:20 p.m.)

This is the sort of thing, Mr. Speaker, which, added to the promotional activities of companies like Windfall Mines and others, puts the investing public in Canada at a great disadvantage, and I submit places a great responsibility on the shoulders of members of this house to inquire as closely as possible into the affairs and activities of companies

which come here to be incorporated. We should inquire as carefully as we can in order to protect the rights and welfare of individual Canadians who at times place their life savings in such companies.

At this stage I can do nothing more than repeat in essence what I said on December 8 about the activities of this company. I might add that, unfortunately for those who want to pay attention to the structure or activities of companies which are incorporated here, a bill went through this house not long ago to incorporate the Canada Health and Accident Assurance Company. When that bill went before the committee regrettably the committee did not have disclosed to it information that would have connected the ownership of that company with Aetna Investment Corporation Limited subsequent to my having raised the activities of Aetna Investment Corporation Limited in this house.

There is therefore, I think, a responsibility on the sponsor of the bill to incorporate Canada Health and Accident Assurance Company to state in the house that this company is owned by the people who own Aetna Investment Corporation Limited. It may be that the sponsor of the Canada Health and Accident Assurance Company bill did not know of this connection. If so, that underlines the point I made earlier that members of this house are placed in a very awkward position, because I am sure that in most instances all the member sponsoring the bill knows is the information placed before him by counsel for the company seeking incorporation. If there is any other connection and the hon. member is not cognizant of it, then he proceeds in good faith, as was done in the case of Canada Health and Accident Assurance Company.

But if it is discovered subsequently that there is a connection between the company to be incorporated and another, such as Aetna Investment Corporation which I have just mentioned where it turns out that we should have had another look at Canada Health and Accident Insurance Company, that makes a mockery of the activities of parliament and puts the sponsors of bills in an awkward position. Who knows what may be the awkward developments falling on the shareholders of any one of those companies so incorporated? If there are connected companies and if the directors happen to be members of the house, and especially if they happen to be former cabinet ministers as in one instance, they are placed in an awkward position, particularly where there is a connection between a finance company, an insurance company, a borrowing agency and a savings and loan company. Where these companies are owned by the same principals I submit that at best parliament is put into an extremely bad position. Because there is an intimate relationship between borrowing money and lending it to one of the other companies controlled by the same group owning the company that borrows the money, the shareholders of any one of these companies do not have their rights properly served.

I put these comments on the record, though my remarks deal with one particular company. I repeat that the activities of Aetna Investment Corporation with respect to the purchase and sale of Cowichan Copper Company shares were contrary to and in disregard of a specific undertaking made to the Toronto stock exchange, an undertaking that was there to protect the rights of shareholders of Cowichan Copper Company Limited. I submit that this is not within the ambit of the good business ethics, as anybody will appreciate.

Mr. Deputy Speaker: Order, please. Though the hon. member has not yet discussed the principle of this bill, I must advise him that his time has expired.

Mr. Howard: I had just got to that point, Mr. Speaker, but I shall sit down.

Mr. Herridge: On a point of order, I wish the hon. gentleman would live up to the rules of this house with the determination he showed earlier this afternoon and would practice what he preaches.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, when we talk about companies, I am always interested in who owns what. I was interested to hear the hon. member for High Park (Mr. Cameron) say that the Seaboard Finance Company was an old and respected company operating in eight out of the ten provinces. In checking the survey of industrials for 1966, the only reference to Seaboard that I see is to Seaboard Utilities which has housing developments in Tampa, Florida. There is no reference in the *Financial Post* survey of industrials to this company, though it does mention all the other finance companies I can think of, including some that the hon. member who preceded me referred to. There may be a reason why this particular company does not appear in the survey of industrials. There is no information in the survey about the principals of this company, and the survey covers a very wide range of companies.

Every member of parliament is aware of his responsibility in creating new companies. As the former speaker said, we have created some companies in the past that we have not been proud of. Also, many companies are now looking to federal incorporation for the protection that previously has been afforded by the inspector general in the Department of Insurance.

• (6:30 p.m.)

Many finance companies in Ontario have apparently operated very loosely under the aegis of the Toronto stock exchange and have engaged in activities not in keeping with the principles of high finance and banking. We have heard much about those principles recently before the committee on finance, trade and economic affairs. It therefore behoves each hon. member to look with a jaundiced eye on companies which come to the federal government for incorporation. It might be well to exercise caution with regard to Seaboard Finance, because I am unable to find any statement in the surveys in which companies are usually content to present their financial picture. Thus I am unable to ascertain whether the Seaboard Finance Corporation in Ontario is connected in any way with other companies whose conduct might be questioned. In my opinion, the unpleasant situation which developed a few months ago is sufficient to make us wary of passing bills of this kind which immediately give these companies an immense amount of prestige, and in some cases set them up as going concerns. Before we grant incorporation we should make a point of knowing a great deal about the background of these companies.

The hon. member for High Park (Mr. Cameron) is sponsoring the bill before us. Frankly, I wonder why supporters of the government are so free in sponsoring the applications made by these companies. A member of parliament might well leave himself wide open for criticism by doing so, because there are bound to be some bad eggs. If I were sponsoring such an application I would need to possess a great deal more information than has been made available in some of these cases. I assume that the hon. member is in no better position than we are to ascertain the background of this company. We are being asked to set up a potential threat to the operations of the Department of Insurance, and other departments with similar responsibilities, without knowing what the company has done in the past.

I have seen the signs of the Seaboard Finance Company in a number of communities. I gather that the operations of this company are fairly recent in most of the communities outside Toronto. In some of the smaller communities I have noticed signs of recent date indicating that the Seaboard Finance Company is operating.

I have been looking up the records of the Senate to see what examination was given to this bill in the other place, and, I find that the banking and commerce committee reported that the committee had considered Bill S-21 and directed that it be reported without amendment. The discussion which took place in the Senate was confined to formalities, indicating that the bill would be placed on the order paper for third reading at the next sitting. The Senate committee hearing was not covered, so a report of what took place there is not available.

Recently I have received letters from my constituency raising grave doubts about the financial responsibility of one of the largest finance companies in this country. I have checked with the Inspector of Insurance who tells me there is nothing wrong with this particular company. But constituents of mine who take contracts with this company are being told there is no money available for those contracts, and that the finance company is not buying the contracts. I am also told that a proportion of their money—in the case of a small businessman it runs as high as $13,000—is being held by that company as collateral against bad debts which may be incurred in the purchase of paper from the dealer.

I know an accountant who is familiar with the operations of Bay Street, a man who is closely connected with many of the transactions there, and had him make inquiries in Toronto as to the financial situation of this particular company. He tells me there is no danger of this company going bankrupt, for the simple reason that if it did, two banks would go with it.

It is good to know that this organization is guaranteed because two large financial institutions, banks of Canada, are also involved up to their ears in the relationship. But what protection is given to those who over the years have brought their business to a particular finance company against apparent willingness to pay hold-backs to cover the extra charge for the purchase of the paper they may buy? As I understand it, when a company buys paper, the finance company is really

not taking any risk at all with regard to the product being supplied by the businessman. I have found in the past that when a finance company buys a piece of paper, then whether the product is of any value or not the promissory note is a liability of the person who signed it, and no liability rests on the finance company. The finance company, however, has the right to repossess and claim the collateral which is given up by the person who has sold or transferred the note.

Four or five of the people in my riding included their statements with the statement which came to my attention, which became known on the occasion of a trade fair in Toronto, where rumour went around that this very large financial institution was closing its offices that day—and it has, to the extent of not supplying any money in certain areas.

I think it would be unfair to agree to the passage of this bill without knowing a good deal more about Seaboard Finance or without being able to reach the conclusion that its operations in the provincial field had been satisfactory. I am not talking of ten months from now, when the company will have been able to raise $500,000, or even of the time when it can raise $250,000 to call a meeting of the board of directors and begin operations. If we pass this bill they will be able to go into business immediately, because they have the money and, I presume, they have the capital equipment, the offices, and the staff who would be transferred to the new company. If we are asked that a reserve fund be set up to cover the liabilities of these companies we surely have a responsibility to ensure that the government is not saddled with a company which may become a liability.

• (6:40 p.m.)

This must be part of our responsibility. It is not good enough for us to treat these people as though they were boy scouts, and tell them that we think it is a worth-while effort they are making. We are prepared to say that the directors of this national organization will have the interests of the organization at heart, but when we incorporate a finance company such as the Seaboard Finance Company we must remember that we are creating an institution which, in conjunction with all other financial institutions, will play a vital role in deciding the economy of our nation.

This company will decide what businessmen can sell their promissory notes to it, and so finance their businesses. It will also decide which business people can finance their

stocks. Incidentally, the case I referred to previously occurred at the furniture show in Toronto. Businessmen there had to finance their purchases on a short-term basis in order to put stock into their respective showrooms. On the basis of the information that has been provided to us, it is unfair that we should be asked to make up our minds on the incorporation of this company. Just recently we had a case of a company being incorporated which changed hands while its application was before parliament, but the sponsor of the bill in question did not inform the house of that change. I do not say that is the case here, but the information that has been given us is not sufficient for us to make an intelligent decision on this application.

It may be that this is a bona fide company which does business in a legitimate manner, but I have yet to meet one of these finance companies that I think does business in a bona fide manner. I say that because of the interest rates they charge and the hosing they give to the general public who borrow money from them.

When we are asked to pass this kind of bill it should state what the company intends to do, what type of business it intends to conduct, whether it will engage in the small loans field, how much interest it will charge, what methods it has of gouging the public, and whether it intends to use the hold-back procedure when making loans. At present some companies have a procedure whereby when a person borrows $1,500 he has to deposit $200 or $300 of it in a bank to be retained as a guarantee that repayments will be made, even though he has to pay interest on the full amount and cannot use the full amount.

Companies such as this should also be willing to provide parliament with financial statements showing how they have operated in the past and stating who will compose their provisional boards of directors. That information should be provided prior to the inspector of insurance deciding whether they should be incorporated federally.

We are almost giving this company the right to print money. We are giving it the right to allow its board of directors to steal money out of the treasury and take it away. We are giving it the right to do all those things which we have seen done in finance companies during the last few weeks, and are putting no new restrictions on it. We are not even asking for the normal type of protection

which we would seek from other such companies. Changes must be made in the rules before we agree to pass such legislation.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but I must advise him that the time allotted to him has expired.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, although I have a high regard for the hon. member for High Park (Mr. Cameron), that does not mean I have a similar regard for finance companies. It is the hon. member's job to pilot the bill through the house, and he is doing his best under the circumstances.

Mr. Cameron (High Park): Mr. Speaker, I must inform the hon. member that it is not a job; it is a voluntary task which I assumed.

Mr. Langlois (Mégantic): I apologize for the error; I took the word job to mean task. I know the hon. member has a kind heart and is doing his best, but despite that I am under no obligation to change my opinions about finance companies.

This bill leaves me somewhat perplexed. I agree with the opinions expressed by the hon. member for Timiskaming (Mr. Peters), and in view of recent experiences with finance companies I consider that we must keep our eyes peeled. At present there are a number of items on our order paper dealing with the incorporation of finance companies and insurance companies. We must examine these items closely.

• (6:50 p.m.)

There have been a number of collapses of finance companies in recent weeks. We do not know whether this company will follow that pattern. The sponsor of the bill says that the company is a very solid one, and is spread across the United States. In reply I say that if it is going to be a subsidiary of a United States company, then I do not want it, in the first place. I think this is an incorporation which should stand on its own two feet. We do not know much about this incorporation. Practically all we have here is a series of names connected with the incorporation. We do not see any guarantees here concerning the shareholders. There is nothing about the company's policy. We do not know what its lending policies will be or what its requirements will be. I have seen the operations of the existing Seaboard Finance Company, and I might ask why it is they have so much difficulty in keeping their managers. I think it is because their internal policy is somewhat difficult to cope with. It is not because the managers do not like finance companies, because most of them have switched over to other finance companies.

When we are faced with the responsibility of permitting a bill such as this to go through this house, we should have many more details than are included in the four or five clauses we see here. They tell us there will be capital stock of half a million dollars. There is no guarantee to that effect, nor is there a guarantee that the shareholders will be able to provide security in the event that anything should happen such as has happened in the past few weeks.

There is no statement of policy concerning how the people dealing with this company will be dealt with. I would hope that this bill is not for the purpose of sidetracking the law and setting up some sort of a swindling business. Someone might be shocked and say that a company such as Seaboard Finance would not be involved in any swindling but, Mr. Speaker, some time back I ceased to be an ostrich. I have seen some very big people in business, and I know that just because they are big does not mean that they do not swindle. That does not give them absolution from everything. Sometimes there are things which we should look into. I am not saying that is the situation here, but it could be.

The hon. member for Timiskaming mentioned that some finance companies request deposits in respect of a loan to guarantee that the payments will be kept up to date. In the long run this becomes pretty expensive. We do not know what type of loans this company will be dealing with. We do not know what the interest rate will be or on what basis it will be calculated. Will it be at the rate of 2 per cent per month, 24 per cent per year? It may be more than 24 per cent per year. Some companies work it out on the basis of 2 per cent per month. On this basis the person borrowing the money starts to repay it and then at the time of the last payment there is an amount of $40 or $50 remaining. On that last $40 or $50 he pays the same amount of interest he was paying at the first. This works out in the end to a good deal more than 24 per cent.

All these things might be considered as part of business costs. I do not care what you call them; the other person is paying for them. Sometimes they present a wonderful picture. We hear these finance companies say "If you

cannot make your payments, come and see us and we will make them for you", or "If you cannot make payments of $150 a month, come and see us and we will help you make them at the rate of $175 a month". What help is that? Sometimes this is a help, but I have seen finance companies which actually swindle and still have the right to operate. They can operate because there are loopholes. If these loopholes could be blocked, then perhaps some of these legalized bandits could be kept out of circulation.

We have had to cope with the problem of the collapse of finance companies. This is something which has an effect on the economy of Canada as a whole. Possibly this happens because when these bills go through the house they do not provide at that time sufficient information. I believe there should be more information contained in this bill. The title tells us it is an act to incorporate Seaboard Finance Company of Canada. I could go out and bring in a bill which stated that I wished to establish a new religious group. Then without any details having been given, the bill could be passed through the house and we would be able to go around the country collecting money for this new religious group.

When a bill such as this comes before the house, we should ask for more information. We should know how the shares are to be issued and the type of guarantees to the shareholders. We might ask where the head office is going to be. I would hope that this is not some kind of a sidetracking effort, but I would remind you, Mr. Speaker, that we have had the example of the Prudential Company, which some people mixed up with Prudential of America. Their office was on the eleventh floor of a building on the same street—

Mr. Deputy Speaker: Order. I must advise the house that the hour for the consideration of private members business has expired.

Mr. Sharp: Mr. Speaker, may I have permission to revert to motions in order to make a short statement?

Mr. Deputy Speaker: Does the minister have the unanimous consent of the house to revert to motions?

Some hon. Members: Agreed.

FINANCE

SOLVENCY OF CANADIAN BANKS

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I am given to understand that due to a faulty translation in a foreign language newspaper in Montreal the Montreal City and District Savings Bank has had an unprecedented withdrawal of deposits during the day. I should like to say that all Canadian banks, including the Montreal City and District Savings Bank, are in a sound financial condition and that there is no doubt regarding their ability to meet all their liabilities.

Mr. Deputy Speaker: Order. The house will now resume the business which was interrupted at six o'clock.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: Pursuant to an order made earlier this day, I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: It is the understanding of the Chair that when the committee rose it was agreed that clause 1 would stand and that we would consider an amendment to clause 74 moved by Mr. Hellyer.

Mr. Olson: Mr. Chairman, in considering the amendment that was moved by the Minister of National Defence with the unanimous consent of the committee, I think there are one or two comments which should be made, because in addition to the contentious point with respect to a review that would be made upon application to the railways there is also one other very important part which was also left out of the amendment moved by the Minister of National Defence, and on which there was no contention.

While I certainly do not wish to take a lot of time discussing this bill any further, because we have been through it a number of times, I wonder whether the minister would be willing to accept an amendment to his amendment and include a subclause dealing with a crown representative before the Transport Commission whenever the commission was considering a matter related to the

revenues and costs of a railway company under the jurisdiction of parliament. This particular subclause reads:

> Where in any proceedings before the commission under this act the matter of the revenues or costs of a railway company under the jurisdiction or parliament is under investigation, any minister of the crown in right of Canada may cause representations to be made thereon to the commission by persons having knowledge or costing principles or matters that appear to such minister to be relevant to the determination or railway revenues and costs.

It seems to me that it would be appropriate to include this wording as subsection 4 of section 470 in clause 74. At present section 470 contains three subsections and I do not think that the fourth subsection as proposed would be in contradiction of them. In fact it would replace the provision in which the Minister of Transport, and I presume the Minister of Finance or even the Minister of Agriculture may have a keen interest, to ensure that the cost formula used could be adequately investigated. There have been far too many cases in the past when the only really competent cost accountants and analysts who appeared before the Board of Transport Commissioners were from the railways. There have been only one or two important exceptions when experts in this field have been brought in to challenge the costing formula and other factors advanced by the railway. The Crowsnest pass rates, and revenues from those rates, are examples that come to my mind. The minister knows that these rates were challenged before the MacPherson Royal Commission and that the provinces of Manitoba and Alberta went to a great deal of effort and expense to challenge the shortfall claimed by the railways out of the Crowsnest pass rate agreement. I do not know exactly how much it cost these two provinces, but I know that it cost them many thousands of dollars because it involved a study which went on for well over a year.

In this study in depth, the word of the railway cost accountants was not taken but in many cases a survey was undertaken on the spot to determine the various factors which were included in the cost of grain. I am sure that the minister will recall that the $17 million shortfall claimed by the railways was changed, even in the opinion of the commission, to something around $2 million. When such a claim is made, not only with regard to the Crowsnest pass rates but with any other statutory or fixed rates, that is rates fixed by the commission, who will challenge the railways? The other day I said in the house that to challenge the railways can be a formidable undertaking, and sometimes a very expensive one which involves hiring counsel and cost analysts and, as it is said in the clause—

> —persons having knowledge of costing principles or matters that appear to such minister to be relevant to the determination of railway revenues and costs.

It is far too great an undertaking for a municipality, even for a large one.

It was a little too expensive even for the provinces, considering that it is the responsibility of the federal government to defend the public interest in the examination of such costs. And yet, if the provinces of Manitoba and Alberta had not taken on this responsibility on behalf of their farm sector I suppose that it is fair to suggest that the $17 million shortfall claimed by the railways would have been partially if not totally accepted. I suggest that if the figures of the C.P.R. and of the other railways had not been challenged, and a study which had been conducted with a great deal of effort and at a great expense had not been carried out, the railways' contention would have been far stronger.

• (8:10 p.m.)

That is all I want to say at this time, Mr. Chairman. There are one or two other things I want to talk about under clause 1 of the bill, but I do not think it would be appropriate to raise them now. I have the amendment ready in both English and French, and if the minister would accept it perhaps I could move it, or perhaps I should move it first.

Mr. Pickersgill: Mr. Chairman, I am going to ask the indulgence of the hon. gentleman not to move it at all, but to let me have a copy of it. I have no objection at all to including this provision. Quite the contrary; I would like to have it in clause 74. But I do not think it could very well be related to the amendment moved by the Minister of National Defence. I think it should be in clause 74 generally. The hon. gentleman said he wanted it related, not just to the subject matter of new sections 470 and 471 but to all hearings. This is the way I would like to have it, so we would have a provision that in any hearing of this character this could be done. Certainly, as far as I am concerned I would be very glad to include it. I think it would be an additional safeguard to the treasury and an additional protection to everyone.

As far as I am concerned, I would be very happy to include it in this section. I put it in,

in the first place, because I thought it was a good idea. If the hon. gentleman would let me have it, I would like a little time to consider it and make a technical assessment of it. I undertake that we will not pass clause 74 before there is an opportunity to deal with it.

Mr. Olson: I agree, Mr. Chairman, and I should like to advise the minister and the members of the committee that there may be a technicality as to where it would best fit into the bill. It does not have to be subsection 4 of new section 470. But I would draw the minister's attention, now that he has the amendment before him, to the fact that the wording is "where in any proceedings before the commission under this act", and so on. It does not say "under this clause" or "under this subclause."

Mr. Pickersgill: I think it might become a new section 472. I do not want it to be related to this specific subject; I want to see the general application of the principle that if at any time there is any reason for this to be done, the representatives of the minister may be there to act on the other side. I think everybody agreed that this was a good idea. But I do not think we want to tie it to this particular amendment.

Mr. Olson: That is fine. So that the other members of the committee will know, the wording is exactly the same as that which was contained in subsection (6) of section 470 of the proposed amendment to clause 74. When the minister has had an opportunity to consider the amendment, if he would advise me I would be glad to move it.

The Deputy Chairman: Shall the amendment carry?

Mr. Pickersgill: Mr. Chairman, I should like to move another amendment to this clause.

Mr. Kindt: Mr. Chairman, I want to say a few words on clause 74 and new section 471 before indicating whether in my opinion it should pass. There are some parts of new section 471 that I do not like. I am asking for clarification in this regard. For instance, this section states:

—the commission shall undertake a study—

The word "study" is back in there.

—of the differences between rates on grain moving for export to ports in British Columbia and rates on grain moving otherwise to such ports, and shall report to the governor in council for such action as he deems desirable or expedient in the public interest.

[Mr. Pickersgill.]

Almost all the grain that moves into British Columbia comes from Alberta.

Mr. Pickersgill: That is right.

Mr. Kindt: I have 6,000 farmers down there who will be watching this clause very closely. It appears to me that this provision is asking the commission to make a study of the Crowsnest pass rates to Vancouver and compare them with the private rates on feed grain for chickens and other things to points in British Columbia that are on the way to Vancouver.

Mr. Pickersgill: No, Mr. Chairman. If the hon. gentleman would look at it again he would see it says:

—rates on grain moving for export to ports in British Columbia and rates on grain moving otherwise to such ports—

So it is only to the ports. I am sure the hon. gentleman knows that the British Columbia Federation of Agriculture made representations to the committee that the rate on grain for domestic purposes should be the same as the export rate. Unfortunately and regrettably I did not feel I could accept that recommendation out of hand, but I felt they made a quite strong case. All I want the commission to do is study those two things and make any recommendations that seem to be appropriate. That is all. It has nothing whatever to do with anything else.

Mr. Kindt: One thing it will do is cause the commission to call for figures in connection with the Crowsnest pass rates and make a study of them.

Mr. Pickersgill: We know the figures on both.

Mr. Kindt: You know them now?

Mr. Pickersgill: The rates are known. What we are concerned with is the difference between the rates, that is all.

Mr. Kindt: Does the minister know the costs and all the other matters that enter into the Crowsnest pass rates?

Mr. Pickersgill: It has nothing whatever to do with costs.

Mr. Kindt: The minister does not say that in this section.

Mr. Pickersgill: Mr. Chairman, if the hon. gentleman will look again at the language he will see that it says:

—shall undertake a study of the differences between rates on grain moving for export to ports in British Columbia and rates on grain moving otherwise to such ports—

It does not say anything about costs. All the commission are supposed to look at is how much is charged, which we know, for export grain and how much is charged for domestic grain, and see whether something should be done to bring about some kind of adjustment between the two.

Mr. Kindt: You could get over the telephone what you are asking for in this section. If you turn the commission loose in this connection they will make a great study and come up with cost figures and a great many other things in order to substantiate what they find in the way of freight charges for moving grain through the Crowsnest pass, and for moving grain for domestic use. These figures are what we have been talking about for a week. I would not believe the commission with respect to any figures they put forward from a study of a whole bundle of statistics received from the railway companies. These figures would be absolutely null and void so far as the farmers of western Canada are concerned. They would have no confidence in them. If this study is to be confined 100 per cent to the rates, in the one case for shipping feed grains and in the other in respect of the Crowsnest pass rates, we know it is 23 cents or thereabouts under the Crowsnest pass rates.

Mr. Pickersgill: Mr. Chairman, I think we are all anxious to make progress this evening. Perhaps I could direct the hon. gentleman's attention to the second part of this section, which says:

—shall report to the governor in council for such action as he deems desirable or expedient in the public interest.

The hon. gentleman is perfectly right; everybody knows what the rate is on domestic grain and on export grain. But the farmers of British Columbia have said they want them to be the same.

• (8:20 p.m.)

This parliament took steps at this session to provide a subsidy on feed grain. However, even with the subsidy the rates are not exactly the same. This amendment provides for a study, at the request of the B.C. Federation of Agriculture and other farmers, of whether it would be appropriate to meet the demands of these farmers. It has nothing to do with the costs of the railways. I do not believe the railways would even need to be asked a question about this. Anything the railways could tell us is already known. What we want the commission to advise upon is the question of public policy, whether there should be a different rate established for domestic grain or whether we should continue to use the feed grain subsidy. It is just that very limited question, as was put admirably by the hon. member for Vancouver Quadra and the hon. member for Kootenay West. There could not possibly be any effect on the people shipping grain to British Columbia, but might be some effect on the farmers of British Columbia.

Mr. Herridge: I just want to tell the hon. member for Macleod that he is under a complete misappprehension. This suggestion was made before the committee by the representatives of the B.C. Federation of Agriculture, in an effort to provide grain to feeders in British Columbia, dairymen and poultrymen, at a price similar to the export rate. Grain costs a considerable amount in the interior of British Columbia. The request was decided upon after consultation with the Canadian Federation of Agriculture and other agricultural groups, who made no obejction to this suggestion. It is not doing anything to the Crowsnest pass rates or other rates. The request is that the relatively small quantity of grain that is used by grain consumers in British Columbia, in relation to grain consumers in British Columbia, in relation to grain exported, be carried at the export rate instead of at the rates presently charged. The commission is requested to study the matter and report.

Mr. Kindt: I am quite familiar with the facts which the hon. member for Kootenay West has given. I am aware also of the representations of the B.C. Federation of Agriculture. Let me say that federation, in turn, represents some small fruit farmers and the others in British Columbia. I represent 6,000 wheat farmers and I am protecting the interests of the wheat farmers of Alberta. I do not want anything used as an excuse for studying these rates. We have heard the minister's suggestion that a study be made which would expose certain rates, make them the subject of newspaper comment and a hundred and one other things. We have not any fear from that. What we do not want is to have this matter presented in the press and elsewhere as though someone is paying a subsidy to the grain farmer of Alberta.

Mr. Olson: Before clause 74 carries I wonder if the minister would indicate where he wants the amendment I suggested. Should it be included as subsection 4 after subsection 3 in section 470 or should I move it as an amendment to the proposed section 472?

Mr. Pickersgill: I wonder if the hon. gentleman would mind having it moved as a separate amendment and allowing me to deal with this technical amendment and another amendment which I should like to move. This would give me a little time to get advice as to the best place to put his amendment in the clause.

Mr. Olson: I would certainly be willing to do that, except if clause 74 carries—

Mr. Pickersgill: No; perhaps I did not make myself clear. The amendment would be to clause 74. There is no intention to allow clause 74 to carry until the hon. gentleman has a chance to move his amendment. Both my amendments are to clause 74, and later I hope to have advice as to the most appropriate way of dealing with the hon. gentleman's amendment. The amendment presents some technical difficulty, but I am sure we will have it solved in a few moments.

The Deputy Chairman: Shall the amendment carry?

Amendment (Mr. Hellyer) agreed to.

Mr. Pickersgill: I should like the Minister without Portfolio to move an amendment to clause 74 which would read as follows:

That Bill C-231 be amended

(a) by striking out lines 35 to 38, inclusive, on page 62 of the bill, as reprinted, and by substituting therefor the following:

"468A. (1) The reductions in rates that, immediately before the coming into force of Part V of the National Transportation Act, were in force by virtue of section 468 continue in force subject to subsections (2) to (4)."; and

(b) by striking out line 30 on page 63 of the bill, as reprinted, and by substituting therefor the following:

"that are subject to Order No. 96300 of the"

This does two things. It makes a very slight change in the language which was technically wrong in proposed section 468A, and the number 96300 is a printers' error. The amendment does absolutely nothing else.

Mr. Kindt: It sounds as though whoever drafted that amendment should decode it before we vote upon it. I realize the minister has said there is nothing contentious in it, that it just corrects these errors which slipped by him. This is quite normal, but at the same time I think we ought to have a look at that.

Mr. Turner: I move the amendment.

The Deputy Chairman: Shall the amendment carry?

[*Translation*]

Mr. Grégoire: Mr. Chairman, I am not objecting to the amendment but, before dealing with the matter, the minister provided an English copy of the amendment stating that lines 35 and 38, on page 62, will be amended. Now, in the French version of the bill, this does not correspond to the same lines and page and, consequently, we find it hard to see what is going on.

I would, therefore, ask the minister to provide us with a French copy of his amendment so that we may know the corresponding lines and page in the French version of the bill.

[*English*]

Mr. Pickersgill: Unfortunately, I did not catch the first few words the hon. gentleman said. Has the hon. gentleman the French version of the amendment, because I have one here?

Mr. Grégoire: No, I have not.

Amendment (Mr. Turner) agreed to.

• (8:30 p.m.)

Mr. Pickersgill: Mr. Chairman, I have another amendment which I would ask the Minister without Portfolio to move.

Mr. Starr: Which one?

Mr. Pickersgill: The one from Toronto. There being such great affinity between them I know the hon. member for Acadia would want the Minister without Portfolio from Toronto to move it. Substantially it is the same amendment which was suggested by the hon. member this afternoon with respect to Canada Steamships, and is as follows:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended by adding at the end of section 469 in clause 74 of the bill, as amended, the following subsection:

Deduction from normal payment.

"(6) The commission may, in calculating a normal payment under this section in respect of any year, deduct from such payment appropriate amounts for payment to any transportation company that was subject to

> Order No. 96300 of the Board of Transport Commissioners for Canada dated November 17th, 1958, and that is not a railway company, and may recommend payment to any such transportation company in respect of such year of an amount based on the position of such transportation company in relation to railway companies under that order."

I think this amendment does exactly what the hon. gentleman wanted to do. If we can do it in this way we will not require further debate on another occasion.

Mr. Gordon: I so move.

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask the proposer of the amendment whether he has told the Mercantile Bank of the implications of this amendment?

[*Translation*]

Mr. Grégoire: Mr. Chairman, I repeat that we did not get a French copy of the amendment and I think the minister should make one available to us. Before the amendment carries, I should like to read it.

[*English*]

Mr. Pickersgill: Mr. Chairman, I am not sure whether the translators have had sufficient time yet to prepare a French version. This amendment was concocted this afternoon, and "concocted" is perhaps the right word. I know the Law Clerk is working on it, and if the hon. member would like to have the amendment stood until we can get a translation prepared, I would be quite agreeable.

[*Translation*]

Mr. Grégoire: Mr. Chairman, could that section stand until we have received a French copy.

I should now like to ask the Minister of Transport (Mr. Pickersgill) some explanation on the following point: unless I am mistaken, we are dealing here with subsidies for transportation by companies other than railway, but which are directly related to the railway companies.

I have here a table giving the comparative rates in Toronto and in Montreal. These do not include the cost of railway transportation. They are the rates applied for delivery by the railway company trucks in Montreal and Toronto, anywhere within the city of Montreal and likewise in Toronto. We are therefore dealing with the comparative cost of delivering goods from the station in Montreal to any point within the city, and delivery of goods taken at the station in Toronto for delivery anywhere in that city.

Here are the figures. Perhaps the minister can enlighten us in this connection. I am told that in Montreal the minimum charge is $1.39 while in Toronto it is only 89 cents regardless of the parcel involved; that it costs 49 cents per 100 lbs. up to 2,600 lbs., or $12.74 for $2,600 lbs., while in Toronto the rate is 22 cents per 100 lbs., or $5.72 for 2,600 lbs. Therefore, a difference exists between Montreal and Toronto, though the same work is involved. In Toronto, it costs $5.72; in Montreal, $12.74, and this merely to truck goods from a freight car to a point within the city limits, as is the case in Toronto. When 16,000 lbs. or more are involved, we note that the rate is 27 cents in Montreal and 22 cents in Toronto.

Therefore, different rates are charged for exactly the same work. Why is this? I should like to know. Do the subsidies granted Toronto allow customers there to be charged 22 cents while those granted Montreal make it necessary to ask for 49 cents for 100 lbs.? If so, changes should be made in the present amendment. True, I naturally do not know all the relevant details, but at first glance and according to the figures we have been given, the handling costs of goods between the freight or express unloading yards and the consignees within the limits of these cities is higher in Montreal than in Toronto, although in both cases the rate is charged by the C.N.R. There must surely be a reason for this, and I would ask the hon. minister to inform us why handling costs are higher in Montreal than in Toronto when labour costs are the same.

[*English*]

Mr. Pickersgill: Mr. Chairman, I am not going to take any exception to the fact that the question that the hon. gentleman asked has not very much relation to this very narrow amendment moved by the Minister without Portfolio from Toronto. However, if it is at all possible to get the information to answer his question, I undertake to get it before we complete clause 1. If that is not possible I would be glad to give it on third reading. I know the question has been listened to most carefully and I hope to be able to get the information.

[*Translation*]

Mr. Grégoire: On the contrary, Mr. Chairman, I thought this could be directly related and I was waiting to make my remarks on clause 1 of the bill. But I did feel that under the amendment I have here, in English at

least, this was consistent with the remarks I just made, and that is why I raised the problem at this time, since it deals precisely with the payments made by the Transportation Commission for the shipping by transportation companies which are not railway companies proper but are connected with them. This is necessarily the case in cities such as Toronto and Montreal with regard to the unloading of freight for delivery to the consignees.

Under the circumstances, I thought therefore that the matter was fully consistent with the amendment moved by the Minister of Transport.

• (8:40 p.m.)

[*English*]

Mr. Pickersgill: The amendment before the committee to subclause 469 of clause 74 has the effect only of making a provision to pay to a transportation company which is not a railway company—this applies to one company only, the Canada Steamship Lines—a certain proportion of the transitional payments made in respect of the freight rate freeze to the railway companies. This has nothing to do with any other company. What the hon. gentleman talks about would be more appropriate on clause 1 than on clause 74.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I am very happy with the explanation of the Minister of Transport on the point I have raised. I would now ask the minister to enlighten me, as he suggested, on clause 1.

The minister mentions that this is done for one company only, that is the Canada Steamship Lines, which makes deliveries along the St. Lawrence river ports. I am now asking him whether regular payments are provided for this company operating coastal shipping along the St. Lawrence river ports as far as the north and the south shores of the St. Lawrence and if other companies, transport companies or private coastal shippers doing the same kind of work below Quebec toward the north or the south shores, may also benefit from the same payments and be informed, in some way or other, of the grants that are being given.

I am informed that such shipping companies, in most cases owned by the captains or by people who operate their own sail boats, or their ship, are also in need of such subsidies and I wonder if the minister could tell us how such people can find out about this in order to benefit from such grants as the Canada Steamship Lines has been receiving?

[*English*]

Mr. Pickersgill: I think I can explain that easily, sir. The Canada Steamship Lines had its rates frozen by the order referred to in this clause at the same time as the freight rate freeze was applied to the railways in 1958. The other companies the hon. gentleman referred to were not affected by the freeze. Practically all those companies in the lower St. Lawrence received greater or lesser subsidies from the treasury for maintaining their services. The basis is entirely different. Moreover, these payments to be made to the Canada Steamship Lines are like the payments to the railway companies: they are to be phased out. They will be reduced over a period which will not be as long as the one applied to the railway companies. It is done this way because the company needs a certain amount of time, just as the railway companies do, to adapt itself to the new law. That is the sole purpose for doing this.

Mr. Lewis: Mr. Chairman, I would ask the minister whether he does not think that the wording of the amendment toward the end is vague—perhaps because it was concocted in a hurry. What exactly does it mean when you say that the payment to any such transportation company shall be—

—in respect of such year of an amount based on the position of such transportation company in relation to railway companies under that order.

What kind of position is that?

Mr. Pickersgill: I would have said, if I may use an adjective which the hon. gentleman will realize is very specific indeed, the relative position.

Mr. Lewis: The relative position of what or to what? Do you not have to say?

Mr. Pickersgill: Some of the subsidy being paid to the railway companies is in respect of the freeze applied in 1958. The last one was in respect of a specific wage adjustment in 1964. What is meant by this language is that the other transportation company, which is not a railway company, can only participate in those subsidies which have relationship to its service, and not in those that do not have that relationship.

Mr. Lewis: I will not argue with the minister. His advisers do better than I can, perhaps, in knowing what is meant. When you have language saying "based on the position of such transportation company in relation to railway companies," that might be based on its financial position, on the amount of cargo it carries or on a dozen different kinds of positions. Would not the minister and his advisers be wiser to say exactly what it is they want to have relativity about?

Mr. Pickersgill: The hon. gentleman must realize that that was precisely why I took the cowardly course of saying that we should make provision for that later in the supplementary estimates. The hon. member for Acadia seemed to think it would be unfair and prejudicial to the company, which has always been treated in respect of certain of these things in the same way the railway companies are treated, to leave them in doubt about this matter. A certain mathematical determination is required to be made in another clause by the Minister of Finance. The word "position" is not perfect, perhaps. Perhaps if we could find a better word it might be suggested to hon. gentlemen in another place, and they might make a substantial amendment that we might be able to concur in later.

Mr. Lewis: I am not in a concocting mood. I thought I would bring this to the minister's attention.

Mr. Pickersgill: I thank the hon. gentleman. It is not the first time he has been of help in this debate.

An hon. Member: Watch out.

Amendment (Mr. Gordon) agreed to.

Mr. Pickersgill: Mr. Chairman, I think the hon. member for Medicine Hat has an amendment, which I should be quite happy to have him move and which is quite satisfactory to me.

Mr. Olson: The amendment is as follows. Clause 471 is to be amended by adding the following section immediately after it. The amendment would then be section 472, and it reads:

Crown Representative. Where in any proceedings before the Commission under this Act the matter of the revenues or costs of a railway company under the jurisdiction of Parliament is under investigation, any Minister of the Crown in right of Canada may cause representations to be made thereon to the Commission by persons having knowledge of costing principles or matters that appear to such Minister to be relevant to the determination of railway revenues and costs.

Mr. Chairman, I sent you a copy of this, but there are technical changes in the numbering. May I therefore send you another copy. I have copies also with the French translation included under the English wording. I shall have something to say after you read the amendment.

I move therefore:

That Clause 74 be amended by adding the following thereto as Clause 472:

Crown Representative. Where in any proceedings before the Commission under this Act the matter of the revenues or costs of a railway company under the jurisdiction of Parliament is under investigation, any Minister of the Crown in right of Canada may cause representations to be made thereon to the Commission by persons having knowledge of costing principles or matters that appear to such Minister to be relevant to the determination of railway revenues and costs."

Mr. Chairman, the numbers may have to be changed. That can be done on another copy I shall send you.

• (8:50 p.m.)

I do not wish to say much more about this amendment now that the minister has accepted it. But I believe it to be an important inclusion in the bill, insasmuch as the public interest will now be looked after by the federal government when matters of this kind are under investigation, particularly in hearings before the Transport Commission. I would therefore commend it to all members of the committee.

Amendment (Mr. Olson) agreed to.

Mr. Pascoe: I have not been present during the whole of the discussion, so this subject may already have been dealt with. But clause 74 refers to the cessation of the bridge subsidy. Has this been dealt with, or is it in order to speak on it for a while?

Mr. Pickersgill: I do not think it is fair to say it has been dealt with. The committee did accept an amendment of a purely technical nature, but that does not preclude the hon. member from speaking on the matter.

Mr. Pascoe: I thank the minister. I believe the bridge subsidy at present amounts to about $7 millions a year to offset the cost of the long haul across northern Ontario around the lakes. This $7 millions a year—and I wish to take two or three minutes to put this on

record—has been of particular benefit to the prairies. I recall that it was brought out at hearings of the committee that this bridge subsidy had a considerable effect on reducing the cost of farm machinery. As the minister knows, it gives the manufacturer on the prairies an opportunity to compete with manufacturers in the east. This subsidy, as I have said, has been of great value to the prairies and I should like the minister to explain just what is happening with regard to its cancellation. The whole of this $7 million is being removed. Does this mean that the railways will have to raise their rates, or get more business in order to offset this loss?

Mr. Pickersgill: The best way for me to explain what is happening would be to read from the bill itself. If the hon. gentleman would look at 468A (2) he would see that it says:

> The commission shall, one year after the coming into force of Part V of the National Transportation Act, authorize such increases in the rates to which subsection (1) applies as in the opinion of the commission would, if put wholly into effect, yield the Canadian National Railway Company, combined, three million dollars, approximately, of additional annual revenues.

Then subsection 3 says the same thing for the following year, only it is two million dollars instead of three million dollars, and for the following year it is another two million dollars. Then, at the end of the three years, it expires. This conforms precisely to the request made by the government of Saskatchewan.

Mr. Pascoe: Thank you. I just thought I should like to have this put on record, because this bridge subsidy means a great deal to the prairies.

Clause 74 as amended agreed to.

The Deputy Chairman: We are now on clause 1.

Some hon. Members: Hear, hear.

On clause 1—*National Transportation Policy*

Mr. Rynard: We have been talking for the most part about transportation over long distances and the abandonment of rail lines. I think we should take a look at the growth of Canada, the increase in its population, and realise that in the year 2,000 it will have a population of between 40 million and 50 million people.

I wish to speak about an area which I know, though the circumstances there are duplicated in many places across the country. I will take the province of Ontario, a province with a population of six millions which in the year 2,000 will have grown to approximately 12 million people. About one third of the people who live in Canada live today in the province of Ontario. Incidentally, it is interesting to note that about half the people included in that one third live within approximately 100 miles of the city of Toronto. This is a congested area at the present time. In rough figures, a million people go to work, and return, morning and night in Toronto, and in the 100 mile area. The highways which they travel are already overcrowded and the point has been reached at which it is almost impossible technically, and certainly unwise economically, to take more land for throughways and super highways.

It must also be borne in mind that this is a popular tourist area. This part of Ontario projects so far south in the direction of the United States that the southern part of the province lies south of the northernmost point of the state of California. This means we probably have more American tourists than does any other part of Canada. We cannot cut these people off. Most of them come by car, and we need their dollars to help our balance of payments. So this is the position we are in: We find people going to work, one or two in a car, over highways which are already congested. Thousands of individual cars are travelling into a crowded area when their occupants could be carried more efficiently by train, or other rapid transit. Roughly a million people travel to and from work in this area. One railway line would carry a lot of them into the heart of the city or industrial area, and would eliminate parking problems.

• (9:00 p.m.)

We are facing a serious problem in air pollution. It takes a motorist in Toronto about an hour to get from downtown to the city limits in the rush hour. He could travel 60 miles in the country in the same length of time, burning approximately the same amount of gas. This is an indication of the amount of pollution and congestion in that area and indicates the need for a rapid transit system.

No railway line in Ontario should be abandoned, and I feel this also applies to many other industrial areas of Canada. In the near future we shall have to rebuild some of the abandoned lines in order to move people to and from work. It is penny wise and pound foolish to abandon railways in a province like

Ontario. If certain lines that have been abandoned were in existence today we would be using them to capacity. One line which ran north from Toronto up to Lake Simcoe was abandoned, and had it not been it would remove today a lot of the traffic congestion on the highways.

Slum areas are costing a lot of public money in industrial areas. These sprawling suburban areas are getting completely out of control due to the population explosion. If the trend continues throughout the country, 5 per cent of our population will be living in the rural areas and the other 95 per cent in cities and manufacturing centres. Yet in the great society which we talk about it is estimated that 15 per cent to 20 per cent of the population should live outside the cities.

We shall have to build new towns miles away from cities. I envisage towns like the city of Canberra in Australia, a beautiful city. Those who have visited it know it has no industry. It is the site of the parliament buildings and is a clean, wholesome area in which to live.

I do not believe we have enough railway lines at present in Ontario. We need all that we have, not only to carry freight but to carry people. Commuter trains will be a major factor in transportation, very shortly. Our new towns must be built in locations where land is cheaper, water sources plentiful and air pollution at a minimum. We must start planning for them now, and they must include proper recreational facilities because workers are going to be enjoying more and more leisure time.

The congested areas of the industrial complex of Toronto, which holds roughly 3 million people, needs a rapid transit system. Its problems are duplicated in a minor way in other cities across Canada. Good transportation is necessary so that people can live outside cities in clean, pleasant surroundings in which they can bring up their children. We should be planning now.

Mr. MacEwan: Mr. Chairman, I would draw the attention of the committee to the study which is being made on certain transport rates in the Atlantic area. In reply to one of my questions a few days ago, the Minister of Transport said that this study would be completed in March, and it is my hope that in 1968 legislation will be presented to this house which will be important and advantageous to the Atlantic area.

As hon. members know, transportation is the lifeline of the Atlantic area. It is most important to my province of Nova Scotia, and particularly to my county of Pictou in their efforts to attract secondary industries, and in fact several secondary industries have been established in Pictou during the last few years. During this debate at least two members asked me whether this bill was important. They told me it was not important to their part of the country, and I believe they represent a certain area in Ontario. I replied that it was most important to my province and to the whole Atlantic area.

The question of port parity for Halifax, Saint John and throughout the maritimes has been adequately dealt with by my two colleagues from Halifax and the hon. member for Saint John-Albert. As a result, the minister awakened from a deep sleep and early this week submitted an amendment to this legislation which meets part of our wishes, but does not go all the way. As a result, we shall be watching this legislation to see its effects on the maritime area.

• (9:10 p.m.)

At the moment I am concerned about two applications made by the C.N.R. during the last few weeks for the closing of two stations in my constituency, and the removal of the agents from those stations. This is the first move by the C.N.R. to push the thin edge of the wedge into the economy of that area. The two stations are River John and Merigomish. It occurs to me that the C.N.R. might have waited until the present legislation had been completed. Instead of that, these applications were made. This is particularly important to the River John area. The reason for this is that about three years ago an application was made to cut out a part of what is known as the short line in my constituency which runs from Oxford Junction to the town of Stellarton by omitting the trackage from Tatamagouche in the area of my hon. friend from Colchester-Hants to Scotsburn in the county of Pictou. This, in other words as we might say down east, would have taken the guts out of the short line. Undoubtedly this move to close the River John station and to take the agent from there is a first move to reinforce the application which will be forthcoming by the Canadian National Railways.

It is my belief that no hearing on these applications should be heard until the present legislation is passed and the new act comes into effect. Suggestions have been made that the new act has nothing to do with the closing of stations or the removal of agents. There is one section in this new legislation, to which

my friend, the hon. member for Wellington-Huron referred the other day, section 314C, which reads in part as follows:

> In determining whether an uneconomic branch line or any segment thereof should be abandoned—

And then it continues on from there. I believe the new criteria set out in this new bill, C-231, should be the basis for any hearings in respect of the proposed closing of these two stations in my constituency. So far as the River John area is concerned, I have pointed out why the Canadian National Railways has made this move. May I say that I can see no reason for federal agencies such as the Atlantic Development Board and the area development agency of the Department of Industry attempting to assist areas like mine—which they are doing—when with these applications the railways will be allowed to move out of the area. The railways must remain in areas like these. The station in the village of Merigomish is on the main line through Cape Breton. I do not intend to go into the detail of what the Canadian National Railways has included in its application. That will be dealt with when the Board of Transport Commissioners sends its inspector to the area.

I hope to be present at the hearings so that I may be able to help the county council of Pictou, which is fighting to keep these stations, put forward the case. These stations are very important to small villages such as these. Again may I say that I am disappointed that the Canadian National Railways made this move instead of waiting until the present legislation has been passed. Undoubtedly the people from the various other areas as well as from Merigomish and River John, the inhabitants of that area, the county council and myself will be fighting against any closings.

As I already have pointed out, the railway is important to these areas. It is their lifeblood. These stations should not be closed. May I repeat to the minister that we will be looking forward to the report in respect of the study concerning the Atlantic area. We hope it will come in in March or at least early in this year. We hope also that legislation will be forthcoming which will prove that the maritimes are not forgotten. We also trust that any legislation which is brought forward will justify this action which is being taken now.

We do not wish to be discriminated against. We should like to have those rights which are truly ours. We will be watching for the new legislation to amend the Maritime Freight Rates Act, or whatever changes are to come before parliament. When this is brought forward we will examine it most closely.

[Mr. MacEwan.]

[*Translation*]

Mr. Grégoire: Mr. Chairman, I have a few remarks to make on this transportation bill. This is the first time since the debate started three weeks ago that I have taken the floor. I did not do so when the various clauses were studied in order to keep my remarks when clause 1 would come up, at which time we could then discuss the bill as a whole.

Mr. Chairman, a while ago I gave figures on the differences in the rates used in the Toronto area and in the city of Montreal. I should like to add a few more, which rates will illustrate somewhat the point I wish to discuss.

For instance, I have here the rates which apply to the transport of wheat, oats, grain and grain products shipped from various parts of the country to Montreal, Halifax, Saint John and Newfoundland. From Fort William and Port Arthur in Ontario to Halifax, a distance of 1694 miles, the rate is 54 cents per hundredweight, from the same points to Saint John, 1463 miles, 54 cents and to other points in Newfoundland; by ship from Halifax or Saint John, 54 cents per hundredweight. In other words, the rate is the same as that which applies to shipments being sent to Halifax.

On the other hand, when shipments are made from Fort William or Port Arthur, to Montreal, a distance of 995 miles, the rate increases to 66 cents per hundredweight. So there is a difference in the rates.

When it starts, for instance, from Sarnia, Toronto, Midland, Walkerville for shipment to Halifax, a distance of 1150 miles, the rate is 26 cents per hundredweight. From the same points to Saint John, New Brunswick, a distance of 1274 miles, the rate is 25 cents per hundredweight, the same as for Newfoundland.

However, if you ship something from Sarnia, Toronto, Walkerville to Montreal, a distance of only 530 miles, then the cost is almost twice as much, namely 48 cents per hundredweight.

Mr. Chairman, we do not object to that. I see no objection to there being such gaps or to subsidies being made to allow those products to reach the maritimes for one must not forget that the maritime provinces are poorer and that they need assistance. We are prepared to accept that, but I quoted these cases

in order to give another example of discrimination which we are not prepared to accept.

When the government uses the taxes of all the citizens of the country to enable residents of Halifax, of Newfoundland, of New Brunswick or of any maritime province, to pay only half of what the citizens of Montreal or Quebec pay for transport, we are ready to accept that state of affairs, because we consider that the maritimes need help.

It is clear from the figures just quoted by me that the cost is lower in the maritimes for any delivery from points in western Canada or Ontario than what it costs us in Montreal or Quebec.

But it is wrong, inconsistent, irrational and unfair discrimination when after December 12 of every year, ship captains are told, as happened this year in the case of Russian ships reaching the port of Montreal: You have no right to load grain in Montreal. This was reported to me by Canadian and foreign ship captains whom I met in the past week. They are told: You have no right to load grain or wheat in Montreal. If you wish to return to Europe with grain or wheat, get to the port of Halifax in ballast where you can load grain before returning to Europe.

While the Canadian government is paying for the transportation of wheat by railroad from Montreal to Halifax, the ships reach Halifax empty to take in freight there.

But that is not all: the same ship captains will tell you: What stupid things happen in Canada. While the grain elevators are full in Montreal, we are told to reach Halifax in ballast and take in freight there. At present, the average waiting period for ships is six days. The ships reach Halifax empty, while there is still wheat and grain in Montreal. They are empty when they leave Montreal for Halifax. Then they stay there idle for six days, waiting for the grain to reach Halifax from Montreal. And since the shipments are slow in getting to Halifax, the ships have to wait.

Mr. Chairman, the Minister of Transport will agree that it is irrational, illogical. If ships are ready for loading in Halifax, the grain should get there in time. If others are without freight in Montreal, they should be allowed to load there instead of wasting time and money to get to Halifax and wait there before crossing over to Europe. This is a ridiculous system.

• (9:20 p.m.)

Mr. Chairman, I would also like to hear what the hon. Minister of Transport has to say on some more figures I am going to quote.

Subsidies are granted for all sorts of commodities. For instance, commercial lumber, timber, boards, studs, plywood, etc., are moved in full carloads from British Columbia to Montreal—an average of 2900 miles—at $1.43 per hundredweight whereas full carloads of our Quebec lumber make the Abitibi-Montreal trip—an average of 500 miles—at 43 cents per hundredweight which is twice the cost of bringing western lumber in to Montreal.

Why does it cost twice as much to move lumber from Abitibi to Montreal as it does from British Columbia?

Here sitting next to me is the hon. member for Sherbrooke (Mr. Allard) who is aware of the fact that in the eastern townships, Princeville, Beauce, Plessisville, etc., where maple sugar is one of the main resources, this product is shipped at a cost of $1.10 per hundredweight every 340 miles. Why this double standard? Why these special rates?

Mr. Chairman, these rates and subsidies are presently determined by certain individuals who are in a position to make arbitrary decisions in favour of certain parts of the country at the expense of other areas.

These regulations, these rates are published only in English, as the minister knows. The special rates and the subsidies are not published in French but only in English. I have copies of them here, identified by codes known to those who want to use them: CR 200, CF67, CG 130, CG 180, CG 223, E 140 and CRA 6, those are codes to recognize the special rates benefiting all other areas of Canada but not Quebec. In Quebec, we pay full price.

Well, Mr. Chairman, due to such rate differential, the transport of merchandise from British Columbia to Montreal weighing the same as merchandise from Abitibi for delivery in Montreal would cost less. Our maple sugar, a source of wealth for the Eastern townships, does not benefit from any subsidies. Elsewhere, though, subsidies are granted.

Mr. Chairman, the Minister of Transport (Mr. Pickersgill) should answer this: Why are ships forbidden to load a cargo of wheat or grain in the port of Montreal? Why must they go to Halifax empty and wait there five or six days before loading wheat because none is available?

Can the Minister of Transport reply to this? The ship captains themselves gave me the information.

And to speak of bilingualism to the Minister of Transport: When ships sail into the gulf they are forced to communicate by radio with the first station on the way into the country, the one situated at Cap-aux-Meules, in the Magdalen Islands. Well, not a word of French is to be had on this radio station. And the same goes for most other radio stations along the St. Lawrence seaway.

The minister should also inquire about that.

Now, Mr. Chairman, there is another point. I know my friend, the hon. member for Sherbrooke also wishes to mention it. The hon. member for Roberval (Mr. Gauthier) has referred to it today. Someone is trying to have us pass this bill in haste. In Quebec, the premier objects to that. He is ready to table the letters, but he is waiting for the federal government's permission.

Well, we know implicitly that the premier of Quebec is ready to table the letters. The premier replied as follows to a question from the leader of the opposition in the Quebec legislature: We are ready to table the documents but we are waiting for an answer from the Prime Minister in Ottawa.

Therefore, we want that correspondence. I think the minister is ready to table the correspondence, but I believe he should do so before the passing of this bill, so that we may all be able to know about these objections—and to see whether they are vaild or not.

That problem must be settled before we come to the third reading stage, even before the passing of clause 1 of the bill. I hope the minister will rush the necessary information. I hope he will have relevant remarks to make and that he will give us his opinion in this regard.

The members from Montreal and other areas in the province of Quebec are saying that we imagine we are the only ones to speak on their behalf. In this connection, I will say this: The leader of the opposition in Quebec, who is a member of the Liberal party, and the premier of the province, are of one mind in protesting against the intrusion on the part of the federal government upon a field of provincial jurisdiction. Mr. Chairman, I will not labour the point, merely in order to give them an opportunity to express their view. I am going to give them an opportunity to be the first ones to speak about it, so that they will not be able to accuse me of taking their place. If I have done so on some other occasions, it was because they were not doing it. But now, I am going to let them express their opinion. They will not be able to make the same accusation in this connection.

Mr. Chairman, I meant to call the attention of the Minister of Transport on one point and I want to give my colleagues in the Liberal party an opportunity to point out something else to him. Once they have dealt with that, I will express my opinion concerning the intrusion of the federal government upon a field of provincial jurisdiction.

[*English*]

Mr. Macaluso: Mr. Chairman, I would be quite remiss if before the passing of the bill I did not express, as chairman of the standing committee on transport and communications, my appreciation to members of the committee. As was stated in the report which was filed by the committee, this committee, in hearing the briefs of all the witnesses and considering all the amendments which were presented, held some 33 meetings, heard evidence from some 73 witnesses and received and considered 36 briefs from corporations and individuals who are interested in Bill C-231. In total, since the commencement of this session the committee has held some 72 meetings on all aspects of transportation and communications. I believe that perhaps this is the greatest number of meetings held by any committee in the history of any parliament of Canada.

I as chairman of that committee wish to express my appreciation to all the members of the committee for their diligence in attending the meetings, many of which the press apparently did not consider interesting or newsworthy, although in fact this committee dealt with what is perhaps the most important piece of legislation with which this country will have to deal for a good many years.

The committee has given an example of what can be done by members of parliament serving on standing committees of the house.

I do not wish to single out any particular members, but again I feel I would be remiss in my duty if I did not express particular appreciation to three members of that committee who attended its meetings every day and who were very diligent in their work. I am referring to the hon. members for Moose Mountain, Moose Jaw-Lake Centre and Kindersley. I think that these three members should be singled out for their efforts. I am not trying to take away from the work of the other members from all parties in the house,

but I do feel that all members of the committee will understand why I have singled out these three members of the committee.

• (9:30 p.m.)

I think all members of the committee were deeply appreciative of the attendance of the Minister of Transport at our meetings. It helped us expedite consideration of the briefs and the passage of the bill through committee. When the minister was not able to attend a committee meeting, the Minister without Portfolio, the hon. member for St. Lawrence-St. George, was there. This was of great assistance to the standing committee and perhaps should be an example followed by other ministers.

I would be remiss if I did not convey the thanks of the committee to the deputy minister of transport and the officials who were present at our meetings. The deputy minister and his officials were of great help to the minister. They were available at every meeting to assist hon. members with regard to questions that they asked, and in preparing amendments and summaries of briefs for the assistance of members of the committee. They helped in preparing in a very informative and summary manner amendments that were considered in relation to Bill C-231, which was of great assistance to the members of the committee in their work. On behalf of all members of the committee I want to thank the deputy minister and the officials of the Department of Transport for the work they did in assisting us in our consideration of this bill.

Members from all sides of the house were co-operative in considering a bill of vital importance to the national interest, a bill that had been talked about for many years and which was the subject of at least two royal commissions, the Turgeon commission and the MacPherson commission. Our meetings showed that the members were knowledgeable in this subject, had done their homework and had read and considered all the briefs presented to the committee. They also showed they were knowledgeable in the questioning of the witnesses who appeared before the committee. They showed that they knew what they were talking about. I would suggest that on many occasions the witnesses were somewhat surprised at the questions asked by the members of the committee, and were at times taken aback in answering some of them, because I believe the committee members showed that sometimes they knew more than the witness about the subject in question.

All the briefs were carefully considered. I want to thank the Minister of Transport and the government in this respect, because it showed that the department and the minister were not inflexible in receiving suggestions from those who presented briefs. I think all members will agree with me that a great many amendments put forward in committee were made as a result of briefs presented by individuals, provincial governments and companies that appeared before the committee. I believe this helped many of us in our consideration of the bill and showed us the importance of inflexibility in regard to a bill that was in the national interest, and would mean that once and for all Canada would have a national transportation policy.

I also believe our experience in the committee showed up some of the weaknesses of the standing committee structure. Our committee retained an eminent economist, Dr. Armstrong, who had worked on the MacPherson royal commission. Perhaps other committees, and especially those dealing with important legislation, should be allowed to obtain the expertise of counsel and economists in order to deal more effectively with these matters. Committees should have available expert counsel and economists who are knowledgeable in the subject with which they are dealing. This would help our committees a great deal.

I would also like to thank the vice-chairman of the committee who, when the chairman was not able to attend on a few occasions, took his place at the meetings. I think all members of the committee deserve a vote of thanks from the house as a whole for the diligent work they performed in consideration of this bill and the briefs presented to us. I think we now have a very good base from which to move forward as far as a transportation policy is concerned. I will not take up the time of the committee to deal with the different aspects of transportation. Many hon. members of this house have done so already. I just want again to express my deep appreciation to all members of the committee for the courtesy they showed me and for the very kind words many of them had for me.

Mr. Bell (Saint John-Albert): Mr. Chairman, could I ask the hon. member a question? I realize that we are pressed for time. I also realize that the hon. member could not deal with everybody, but does he not think he should mention those great speeches made out west by the hon. member for Mercier on behalf of Expo?

Mr. Macaluso: Mr. Chairman, the hon. member for Mercier has been making a great many speeches out west about transportation, but since they have nothing to do with the national transportation bill which is before us at the moment, I will leave that matter to a later date.

Mr. Southam: Mr. Chairman, I wish to thank the members of the committee for this opportunity to avail myself of a few moments of the committee's time in the discussion on clause 1 of Bill No. C-231, an act to define and implement a national transportation policy for Canada. The hon. member for Hamilton West has put the committee in a very good mood and has named so many of the hard working members of the standing committee. I wish to thank him personally for his kind reference to myself, the hon. member for Moose Jaw, the hon. member for Kindersley and other hon. members whom he mentioned. But in making this passing reference we should not overlook the chairman of the committee, the hon. member for Hamilton West himself.

As the hon. member pointed out, this bill was one of the most important, most contentious and contained some of the biggest problems, I think, of any bill ever presented to a committee of the house. His guidance and perseverance, together with the assistance of the vice-chairman, I believe went a long way in facilitating the progress we had already made in passing the bill.

The hon. member overlooked other very capable members besides members of his own party, who also made contributions to the work of the committee. I think I should single out for particular mention the hon. member for Acadia. I feel that he is a man who has spent more time on and done more research into the problems of transportation, and has made, I believe, a greater contribution toward the passage of this bill, than any other individual in the house.

In saying that, we should not forget the chairman of our group, the hon. member for Saint John-Albert, the hon. member for Winnipeg South Centre, the hon. member for Pictou, the hon. member for Wellington-Huron and, of course, the minister himself. It was appreciated by the members of the committee that, although he had problems in dealing with much of the testimony presented to the committee, the minister was on the job day after day doing everything he could to assist us in carrying out a proper study toward the development of this bill. It was because of the co-operation of the minister that many contentious points were made capable of solution, and it was helpful when he agreed to accept amendments made by the members. In this way we were able to make the progress we did.

Having said that, Mr. Chairman, there is the usual "but". Personally I feel, as a member from western Canada, that this is not yet a good bill. After all, we have been working on a piecemeal basis on transportation legislation since back in 1898. We have been bringing forward and developing certain modes of transportation and have developed, as I say, a sort of piecemeal type of program in Canada. Naturally, it is very difficult to take one encompassing piece of legislation such as Bill No. C-231 and expect it to bring us up to date completely, and be a perfect product in the end result. I think evidence of this fact is what transpired during the course of our committee study. In the committee something like 50 or 60 amendments were put forward by witnesses. We had to contend with those. The fact that there were so many amendments is evidence that it was not a good bill to start with.

I have not been able to keep track of the number of amendments placed before this committee of the whole. They have all been important; they have all been well debated. There is an indication that many more amendments may be introduced before this bill comes finally to the point of what I think is necessary in order to achieve a modern system of transportation in Canada.

• (9:40 p.m.)

I am disturbed about the complete transfer of principle or concept from the old transport board to the new commission, so far as rate setting is concerned. It would appear as though the minister was rather cosy with the railroads in drafting this legislation. I have heard remarks to this effect. In fact, I am just wondering whether the minister, instead of aspiring to the Senate some time in the future, may be thinking of becoming president of the Canadian National.

In other words, Mr. Chairman, I do not believe all modes of transport have received adequate debate or consideration in this bill. I am thinking of transport by air. Here is a developing mode of transport that has grown up, almost like Topsy, in recent years. I believe the competitive principle should be applied to this mode of transport rather than to rail rates.

There is also the St. Lawrence seaway in connection with which problems are developing. Yesterday the hon. member for Acadia mentioned the problem of seaway tolls. The people of western Canada, as captive shippers, are very dependent upon the seaway and shippers through the great lakes, I do not believe this aspect has been fully covered in our discussion.

The section of the bill dealing with pipe lines is another important aspect. This important mode of transport, although covered in the bill, is still subject to many limitations. The hon. member for Shelburne-Yarmouth-Clare brought to the attention of hon. members the inadequacies in this legislation in so far as pipe lines are concerned. As members of the committee know, this man has spent a lifetime in the oil industry and knows something about the transportation of this particular commodity. In fact I believe he mentioned he had a chance to look at something like 15 or 16 bills related to pipe line transport in other countries.

One of my colleagues says that this man helped to build 15 or 16 pipe lines. If we had had the time, here was an opportunity to explore the knowledge he had, and possibly have developed a better bill thereby. When we did criticize various aspects of the bill, I do not believe it was necessary for the minister to hide behind the fact the Conservative party had set up the MacPherson royal commission in the first place. I know on various occasions this hint was thrown out by the minister, that after all the Conservatives set up a commission which made certain recommendations, and therefore they must be good. This does not necessarily follow, Mr. Chairman. The government does not have to adopt any of the recommendations if they do not desire to do so. Many of these recommendations were worthy of consideration and we did consider them. When I say I am not satisfied with the bill, I think it is a wrong concept to take the lid off and allow the railways to set rates as high as the traffic will bear. This is what we have done in this piece of legislation.

I was naturally happy to see section 329 of clause 50 voted down by the committee. This directly preserved the farmer's Magna Carta of 1897 on rates affecting the movement of grain or the Crowsnest pass rates as they are called. Had the minister's amendment to clause 94 been allowed it would have been, as the hon. Leader of the Opposition said yesterday, like putting a weasel in a chicken coop, or the first chink in the armour, or hole in the dike. The supposition now that the Crowsnest pass rates cost the railways $2 million is inaccurate in this day and age. This estimate is based on cost accounting practices that were questionable in the first place, and in the second place, the figures were based on traffic back in 1950 to 1960.

Members of the committee and people at large in this country, particularly those in western Canada, realize the vast changes in economic growth since 1960. These changes have been reflected in the movement of grain. This year we have produced something like 800 million bushels of grain in the three prairie provinces. If we include flax, oats, barley and corn, the total volume would reach something like 1,200 million bushels. Then, the discovery of vast deposits of potash in Saskatchewan since the time of the MacPherson royal commission has greatly enhanced the economy of the railways. I believe therefore we have been basing some of this legislation on figures which were outdated.

I do not believe the change in concept to allow rates in Canada to be set by competition will work well in a country of such vast geographic proportions. If we compare Canada to the United States, we find we have a somewhat greater geographic area. The United States has a population of something like 200 million people. So as a result you would feel that this concept of setting rates by competition would work much better there. As the members of the committee and the minister know, from the testimony we heard, the United States set rates in all fields of transportation by regulation. This principle applies also to other countries of the commonwealth. Here we have a young country with one of the greatest geographic areas in the world, sparsely populated, trying to use a concept which I do not believe will work too effectively.

We should have listened to the evidence given by Professors Borts and Williams, to which reference has been made by other members of the committee. I feel these were the two top expert witnesses who were brought in on behalf of the Government of Manitoba to testify from their knowledge and experience in transportation as to what they would suggest could be done to improve this bill. Of course their suggestion was that we completely reverse the concept and regulate rates.

Now, having said that, Mr. Chairman, I should like to conclude my remarks by making one or two short references to rail line

abandonment. I have often spoken in the house on this subject. As I pointed out on several occasions, I had a sad experience in representing an area which had a rail line abandonment of the greatest magnitude of any place in western Canada, some 122 miles. When this application was before the Board of Transport Commissioners, I did a lot of research into the problem and know something about the sociological and economic disruptions created by rail line abandonment.

I do not want to pursue the subject any further than to say I am a little concerned about the principle that has been adopted temporarily by the government under the guidance of the Minister of Transport. I refer to the freeze on rail line abandonments until 1975. It seems to me that 1975 is now too far away. I am afraid we are going to be opening another kettle of fish at that time. I believe there should have been more effort to bring the rationalization principle into effect, so there would be no necessity for opening this subject again. In the meantime we are going to be faced with a series of applications for the abandonment of short lines which will come before the new commission which is set up.

I am disappointed that the minister did not see fit to include in this legislation a principle which I have advocated on numerous occasions. I refer to the fact that if a line is to be abandoned after proper study, there should be a freeze on the abandonment order for five years. This would give businesses, farmers and municipalities adjacent to that line a chance to liquidate their businesses, provide roads to replace the railroads, give the farmers a chance to remove their permit books to other areas and so make the necessary readjustments when the line has been taken out. However, we may still have a chance to see that principle incorporated at a later date.

• (9:50 p.m.)

We have done our best to produce a good bill. I am not trying to discredit anybody in saying this because I think we have done our best. However, I still feel that the bill falls far short of what is necessary to provide a good transportation policy. For example we should have incorporated in the bill a clause to the effect that the government in five or six years time should review the legislation and iron out any anomalies or bugs which might have become apparent by then. Had this been done, Mr. Chairman, even though criticism has been directed toward the bill we would have left ourselves in the position where the people of Canada would be able to say that the government had co-operated with the opposition to come up with the best possible bill, and I think the people would be well satisfied. We have a right to be a little critical of the bill, and in concluding my remarks I express the hope that the legislation works out better than I think it will at the present time.

[Mr. Southam.]

Mr. McIlraith: Mr. Chairman, I ask the committee to rise, report progress, and ask leave to sit again later this day.

The Chairman: Is that agreed.

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, pursuant to standing order 6(2) I move:

That the house continue to sit after ten o'clock p.m. this day.

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

(*Translation*)

Mr. Grégoire: Until what time are we going to sit?

[*English*]

Mr. Starr: Mr. Speaker, this motion is not debatable.

Mr. Grégoire: May I ask the house leader, until what time?

Mr. McIlraith: Until we complete this bill, except for third reading.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: It appears to the Chair that there is some objection taken, Therefore, may I read the first part of standing order 6(2):

A motion that the house continue to sit after the hour specified in section (1) may be made at any time without notice. If any member objects to the motion, Mr. Speaker shall request those members who object to rise in their places, and if ten or more members then rise, the question shall not be put on the motion.

Are there objections to the motion?

And fewer than ten members having risen:

Mr. Deputy Speaker: Order. May I read further from standing order 6 (2):

If no member objects or if fewer than ten members rise in their places, the motion shall be deemed to be carried.

The Chair rules the motion be carried.

Motion agreed to.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

On clause 1—*National transportation policy.*

Mr. Olson: Mr. Chairman, I should like to make a few concluding remards on clause 1 before we pass committee stage of this large and complex bill. I should like to endorse the remarks made by the chairman of the committee on transportation and communications, the hon. member for Hamilton West, with regard to the expressions of appreciation of the minister and deputy minister, the officials of the department and a number of members of the committee. The meetings were far longer, and the committee dealt with a far more complex matter than any standing committee of this house has had for a long time. This does not take anything away from the excellent work other committees are doing at this time, but I am convinced that this bill of more complex nature than any other being considered at this time.

Having said that, Mr. Chairman, and without any reservations as to those expressions of appreciation, I would also raise a word of caution regarding the application of this bill and its effects. I know the minister is aware that when this bill is in full force and effect there will be a very significant increase in freight rates. There will also be a very significant increase in the amount of revenue obtained by the railways from those freight rates. I say that because in many areas there will have to be a substitution of higher revenue from freight rates for the subsidies which have been paid by the federal government, which in the current fiscal year amount to about $110 million.

I agree that this will be done gradually, but in addition to subsituting for these subsidies revenue from freight rates equivalent to those now being paid, there is also a rather significant increase in cost to the railways which will have to be met out of the same revenue derived from freight rates.

For example, we all know that in August and September, 1966 this parliament ordered the railway workers back to work, and at the same time guaranteed to them not less than an 18 per cent increase in wages spread over three years. We also know that mediation has been going on as a result of this order of parliament and one recommendation has been that the increase which is to be spread over this three-year period should be as much as 24 per cent.

I am not suggesting that any of these railway workers are receiving too much compared with wages paid for comparable jobs in other industries, but I do say we have to face the fact that an enormous increase in revenue will be required to be raised from freight rates not only to compensate for the loss of subsidies but also to meet increasing costs.

• (10:00 p.m.)

I hope that the commission will be ever diligent as it applies these new provisions, to make sure that each rate and each category of freight will bear a fair share of increases. In the past it appears to have been too easy for the railways to apply the increases to those categories and shippers captive to the railways. There has not been a comparable increase in rates in areas where there has been effective competition from motor transport, air freight carriers or shipment by water.

Though we introduce a new concept, that railways shall be competitive and find almost all their revenues from competing in the marketplace, as a substitute for subsidies, we must remember that the captive shipper still needs the protection of political action by the parliament of Canada.

Throughout the debate on the bill members from various areas of this country have said they were not quite satisfied with the terminology, with the wording in various clauses. They have asked the minister from time to time what certain things mean; if there appeared to be ambiguity or misunderstanding in language, they asked how that could be applied to transportation. The minister has given assurances of what is intended. Time after time we accepted from the minister his assurances of what parts of the bill are intended to do, and we accepted those assurances despite the interpretation which may be

given to some clauses by others. I admonish the minister again, if I may, to live up to these assurances, that this act may be an improvement in the transportation of Canada rather than a detriment to certain areas, regions, industries or economic sectors.

In conclusion I wish to say to the minister, to the chairman of the committee, and to all members of that committee that we hope the fruits of our labours, if I may call it that —because this labour has been going on for a long time—will in fact mean an improvement and benefit for Canada. We hope we shall gain knowledge from our experience of applying this bill in the first few months, so that when we come back in the next session, or the session after that based on the experience we have gained we may make the amendments necessary to make transportation a real asset to Canada from one end to the other.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I realize that in the circumstances the minister is most anxious to conclude the study of his bill after all he has had to go through in this house in the last three weeks but, to make him feel better, I can assure him that my remarks will be brief.

I noticed a little earlier that the time had come for congratulations; on both sides words of appreciation were said about this one and that one. I think that something would be missing if someone did not rise at a given moment to stress, to underline the infinite patience shown by the minister during the debate. Sometimes we had the impression—we who followed the debate as objectively as possible—that he was drowning the opposition under a wave of politeness, so eager was he to listen to suggestions and even to ask for them.

Therefore, Mr. Chairman, I will be happy with a few short remarks to say that, in my opinion, the debate was quite instructive, from my own standpoint. Personally, I learned a lot about the economic activities of that area called the Crowsnest pass and the Pacific coast. I heard more about the Crowsnest pass in the last three weeks that in my whole life before; that name which to me was only a rather abstract geographic point takes on today a meaning full of possibilities for the future of our country. I wish therefore to thank my colleagues for what they taught me.

In my few remaining remarks, perhaps I might reply to some statements made by my colleague the hon. member for Lapointe (Mr. Grégoire). Of course, I am not expected to agree with him always. I would not like hon. members to think that I hate him; on the contrary, I am among those who do not wish the sinner to die, but to repent and be saved.

Therefore, knowing that the hon. member for Lapointe is intelligent and that he has an impressive gift of speech and unusually quick reactions, I believe we should charitably seize every opportunity to try to keep him in the right path because, talented as he is, he could be of service to the country instead of trying to harm it as he has been doing for some time. It is in this spirit, Mr. Chairman, that I would like to draw attention to some of the things he said.

Tonight he said things which impressed me and which would have, normally, done so. Besides, when I listen to the hon. member for Lapointe, I must say that I am very attentive because, occasionally, he says sensible things. He enjoys periods of lucidity, but not necessarily when he chooses to describe the members who represent Montreal, as he did recently. Then, he reminds me of the man who went to see an optician and asked him: "Can you make me a pair of glasses so that I can read"? The optician took pains and made him something a little special but the man came back a week later and said: "But I cannot read with your glasses". After a rather long study of the situation, the optician found out that the man could not read.

There are things that the hon. member for Lapointe cannot read, because he looks at them in a light which is different from everybody else's. However, as we wish him no harm, instead of following the advice of the evil spirits who suggested to ignore him, I think that, charitably, we should apply ourselves to bringing him back on the right track.

Mr. Chairman, some members who are listening to me are anxious to see how I will conclude. I was surprised a moment ago to see the member for Lapointe shaking the minister violently, hoping that tomorrow's newspapers will mention the fact that the member for Lapointe reminded the Minister of Transport that he was committing a heresy by encroaching upon a field where constitutionally the federal government should not interfere. He evidently missed the definite answer given by the minister around 5.45 this afternoon. I was impressed to see how categorical the minister was. He was expressing the viewpoint of the Prime Minister (Mr.

Pearson); he said so himself. But on that matter, my opinion is not very unlike that of the member for Lapointe. I simply blame him once again for not being often enough in the house.

However, I will say to the minister that there is obviously confusion in the minds, since we see that even lawyers, who should be experts in legal and constitutional matters, are not agreeing on that; in fact, lawyers of all political affiliations are upholding divergent opinions concerning the constitutionality or unconstitutionality of an act. For instance, the leader of the opposition and the head of the government in Quebec are two lawyers who maintain that this is not constitutional while in the federal government, lawyers are advising the minister to say that it is constitutional. But we have to come to a conclusion for the guidance of the public in search of the truth.

I would like to suggest to the minister to develop the comments he made in the house and the answer he gave and prepare in his usual masterful fashion which we admire, a press release where he could line up all the arguments proving that he is right, and let them be known throughout Canada. This would put an end to ambiguity and misunderstanding, and prevent certain circles from brandishing scarecrows, to frighten the people who eventually imagine that Ottawa is a bogyman who tries continually, year after year, to infringe provincial rights.

When this is true, it should be blamed; when not, persons who are solicitous of the truth should not do so.

• (10:10 p.m.)

Therefore, I repeat that the minister should clarify the situation in an unqualified statement spread across the country, so that people may know whether or not it is constitutional.

Like those who are constructively trying to find more practical solutions, it seemed to me that the minister was right when he said that we were legislating on interprovincial and international transport; that field comes under federal jurisdiction. That strikes me as being true, because I went through the bill once more to find if it were in any way dealing with provincial transport and I could not find anything of the sort, except, of course, that provincial transport companies wishing to go from one province to another or to the United States will have to comply with this legislation. I think this matter warrants the federal government's intervention, because the existing mess had to be tidied up, what with different legislation and procedures from one province to another.

Personally, I was impressed by the minister's answer, but some Canadians may not have read it or may not have had the opportunity to consider it; he should make his opinion widely known, complete it, support it with arguments, and even send a French copy to the hon. member for Lapointe as well as to the leader of the opposition and the Quebec premier who seem to be people of good will.

The hon. member for Lapointe—no, I am not judging anybody, I leave that up to Providence—mentioned things which nevertheless seemed justified. He said, for instance, that the first short-wave station with which ships entering the St. Lawrence can communicate answers in English only; well, it is inconceivable that this should happen in the province of Quebec.

And that reminds me; we have this problem in our control towers at Montreal. Not at Quebec city, however, where both English and French are spoken. I am speaking of incoming planes. Unfortunately, most of the answers are given in English at Montreal. I speak from personal experience. I travel by plane once in a while. However, I feel bilingual personnel is essential. I agree with the hon. member for Lapointe here, because there you have pilots of all nationalities, speaking various languages.

I was also impressed when he quoted figures emphasizing rate differentials from one city to another. This should prove to the hon. member for Lapointe that I am no fanatic; I am giving him the credit he deserves.

I will not deny what I cannot prove, but I did check on one of his statements. A few days ago, the hon. member for Lapointe had told me: "Russian ships come into Montreal, unload their cargo and are not allowed to take on a load of grain for the return trip. They are told to head for Halifax, where they have to wait a few days". I told him at the time: "This does not seem logical. If it is true, then something must be done."

I went to see those who know what they are talking about. We have grain elevators too, you know. We also have people in the grain business. There are some in Montreal too. Well, I got my information from these people. I was given what I feel is a plausible explanation, which I am giving to the house. Hon. members may check on it if they so desire.

I was told that the grain coming from western Canada and from the great lakes area, comes to Montreal, Trois-Rivières and Quebec city mostly by ship during the navigation season. A very small percentage of the grain production is shipped by rail, it seems.

Early in winter, before the season closes, elevators are filled in Montreal, Trois-Rivières and Quebec city in order to serve consumers in those three areas.

Therefore, from the economic point of view, it would not be wise to let Russian or other foreign ships take aboard our winter supplies which would force us to bring in our own supplies by rail, which would cost more. Another possibility would be to have our livestock tighten their belts. Therefore, this regulation was made, so that foreign ships would not come and get our winter supplies. We need them for ourselves and our silos; our elevators are not large enough to provide for local consumption as well as for exports. Therefore they are being told: Go get some in Halifax. In Halifax, shipping goes on the year round. It seems the elevators there are larger, local consumption is not as heavy and that it is less expensive to send the Lakers over there to get unloaded directly rather than to send them to Montreal and Trois-Rivières and have them take freight there and be sent to the Atlantic coast.

That was the explanation I got and I think it plausible. Another reason I have to find it plausible is that in checking and double-checking I got the same answer.

And this proves that we can easily hear about things, in this house, that seem to us fantastic and astounding and that may create a scandal the following day in the newspapers. I am wondering whether in the long run, by dint of crying wolf, we are not thus creating a feeling of mistrust among the people. We could normally influence the public if we were careful to cry wolf only when the wolf is really at the door and to cry fire when the fire is really burning.

Again, I am not in a position to question the other assertions made by the hon. member for Lapointe. If the figures he mentioned are correct, well, I am saying to the minister it is about time to take care of that situation and to remedy that injustice, should it exist.

But once again, I would like us to have an opportunity to check the statements of the hon. member for Lapointe before blaming anybody. If he is right, the situation should be coped with.

[Mr. Mongrain.]

On the other hand, if an irresponsible accusation comes out of the blue, as in the case of the ship captains who are being required to go to Halifax with empty ships, I say that the bad impression created among the people should be corrected.

Mr. Chairman, I believe this house does not ever bring forth perfect bills. The one which we have considered was a difficult one and the debate was protracted.

I feel this discussion has been constructive on the whole and I believe it is valuable piece of legislation, though imperfect. There will certainly be some people who will complain about it, after some experience. But, I presume that parliament will have the privilege of reviewing this legislation every year in order to improve it and amend it so that it will meet the needs of all Canadians.

There are two other things I would like to point out, Mr. Chairman. They have already been mentioned, but I believe they will never be emphasized enough. First, there is the matter of railway and steamship companies that do not pay taxes to municipalities, as everyone does, and of the grants which the federal government must pay in lieu of the taxes those companies should pay. But it is alleged that the Queen must not normally be taxed; that is going a bit too far because I cannot see what the C.N.R. has to do with the Queen, but let us say it is acceptable. Nonetheless, I would say that the subsidies paid by the federal government to the municipalities are, in most cases, inadequate and determined unilaterally.

I suggest that consultations should be held with bodies representing municipalities, such as the Canadian Federation of Mayors and Municipalities which has a very active and very capable committee, since the chairman of its harbours committee has recently been appointed member of the National Harbours Board. I refer to the former mayor of Halifax and a former member of this house, Mr. John Lloyd. The federation has a harbours committee which is actively engaged in all matters concerning towns where there is a port and I think the government should get in touch with this committee to determine the fair and reasonable amounts that municipalities should receive in subsidies. I say that in most cases, they are insufficient and do not cover the services rendered by the municipalities to the national harbours.

• (10:20 p.m.)

Another thing I mentioned briefly in my last remarks and which I should like to emphasize because it is probably more important than it would seem on first sight—and I know that all members of this house who have sat on city councils will support what I am suggesting. I claim that it is unfair to require municipalities to pay a share of the cost of tunnels or overpasses that are required to eliminate level crossings. I think the cost of those things should be paid for by the federal government and by the company concerned.

I say the municipalities cannot afford to meet those costs, those capital expenditures and that it is unfair to force them to do it. I mention this to the minister so that instructions may be given to the transport commission whose responsibilities, I assume, will include making such recommendations.

No one will deny that Canadian municipalities are in an alarming financial situation; they lack the resources of the provincal and federal governments to fulfil their responsibilities to their residents. Tax sharing arrangements are being delayed for all sorts of reasons, good or bad, while the municipalities are faced with most difficult problems. Those should not be increased by requiring them to pay sums in excess of their means because, in their own jurisdiction, city councillors are often blamed by the voters, the citizens, for failing to eliminate fast enough level crossings within their territory.

Mr. Chairman, I conclude by repeating another thing, and through repetition, its importance perhaps will finally sink in. Several of my colleagues have said that in this day and age, transportation is extremely important for the country's economy and that in the years to come, we shall have to provide especially for an extensive development of air transport. I say to the minister that a special effort should be made in order to fully anticipate the needs of private aviation if it is to develop normally.

When I speak of private aviation, I do not mean mere amateurs who fly for an hour or two around the town where they live on Sunday morning, but of a sector which is developing very rapidly, that is, private airlines which operate their own planes and American companies which come to Canada with their own planes. I think an overall plan should be designed, particularly with regard to the construction of a greater number of primary, secondary and tertiary landing strips to encourage development in this sector of the industry.

There are other sectors which I shall not deal with so as not to prolong the debate. I should like the minister to remember the essential part of my recommendation, which is that a subcommittee of this Canadian Transport Commission, perhaps, could be instructed to make a complete study of the needs of private aviation in Canada, in view of the developments which we may expect within the next 10 or 15 years.

Mr. Chairman, to show that I am objective and do not suffer from a chronic allergy, I invite the hon. Minister of Transport to inquire into the accusations made by the hon. member for Lapointe who said that there are tariff differences. I suggest that the minister take steps to remedy the situation, because these differences will produce cases of injustice which can easily be exploited by those who want to make capital out of national disunity.

[*English*]

Mr. Johnston: Mr. Chairman, when some of the clauses dealing with air transportation were being discussed it was suggested that anyone wishing to speak on that topic should wait until clause 1 was called again for discussion. Before proceeding further, on behalf of our party I would like to express our appreciation to the hon. member for Medicine Hat for his contribution to the deliberation of the standing committee, and in this debate. He was our main spokesman throughout the debate and we appreciate the effort he made.

The first few words of clause 1 read:

> It is hereby declared that an economic and efficient transportation system making the best use of all available modes of transportation at the lowest total cost is essential.

I am sure I am not the only Canadian who is a bit concerned about the possibility of this ever being more than a pious hope and wishful thinking. I read a week or two ago that Air Canada had committed itself to the purchase of supersonic aircraft. It has plans to purchase four of the Anglo French Concorde and six of the American supersonic aircraft that are now in the planning stage. I expect there are a variety of reasons why Air Canada is going ahead with these plans, but I would like to draw the attention of the committee and of the new Transport Commission to an article which appeared in *Harper's* Magazine in July, 1966, entitled "The Case against the Supersonic Transport" by John E. Gibson.

In it Mr. Gibson refers to the problems that have arisen in North American transport as a result of over-enthusiasm for the railroad when it was a new method of transport, and when it was revolutionary. I am sure that many of the hours of debate we have had in this session on transport resulted because of mistakes that were made when the railway was a new, experimental, untried form of transportation, and that we are paying now for over-optimism at that time. Yet we seem about to repeat the cycle when it comes to supersonic aircraft.

The article that I have mentioned lists some of the technical difficulties that are involved in this new form of aircraft. They are truly formidable. In speaking of the Concorde the writer says that in essence it will be obsolete before it leaves the drafting table. He also writes of the possible dangers to passengers. These planes will fly at much greater heights than we are accustomed to, and Mr. Gibson gives this startling warning:

> At 70,000 feet, the proposed cruising altitude of the SST, there will be no need of oxygen masks if cabin pressure is lost. The reason is that the human body undergoes explosive decompression, the blood boils, and death occurs within several seconds. This happens whether or not one wears an oxygen mask. The only safeguard is an astronaut type pressure suit.

Designers feel that the safest sort of supersonic aircraft would have no windows, yet the aircraft which Air Canada proposes to purchase will have windows. The article goes on to mention a great many other things, such as the eroding effect of rain at supersonic speeds and so on.

• (10:30 p.m.)

The real problems, however, are not in that area. Having discussed this, he goes on to say that the real problem of supersonic transport is that it cannot make money. Yet Air Canada, which is a crown corporation, is going into a field in which money cannot be made. This means that we will have to pay for it through taxation on higher prices, but it will be paid for and paid for many times. With the announcement of the proposed purchases we have also had the beginning of a program to condition the public of Canada to the acceptance of this. Already we have been told that a premium rate will be paid for this type of transport. Already we have been told that the operating costs will be 50 per cent higher than they are in respect of the conventional subsonic transport with which we are now familiar.

We might wonder why a crown corporation has gone so far as to commit itself in this way. To those people who are wondering why, I would recommend to them a series of lectures which have been given in the last two months by the economist John Kenneth Galbraith which have been published in the *Listener*. These lectures were given over the B.B.C. He talks about modern technology having destroyed the market, and because the market has been destroyed it becomes essential for government or the great corporations to replace the market and in effect, to guarantee a market. This can be done by the advertising industry using its persuasive means to create a market, or it can be done by a government subsidy.

In the case of the supersonic transport it would seem that the government of Canada, through its crown corporation Air Canada, is guaranteeing a market for one of the most expensive experiments ever undertaken. In its development the Concorde already has cost $1,500 million, and it is not yet in the air. I am sure the cost of the American plane will be even higher than that. Although we in Canada no longer have the kind of aircraft industry which could venture into this sort of an experiment, none the less we will be subsidizing these two experiments, one from Europe and the other outside our border in North America.

I would question whether the Canadian public is prepared to subsidize this type of transport to the extent necessary, because not only will the cost of each airplane be involved, which will be in the vicinity of $40 million, and the operating costs, but also of course there is the cost of the drastic alterations, which have to be made in the runways, in the flight patterns, in the safety precautions and in a host of other areas, if this type of transport is to be used at all.

One might wonder about the reason for this. I expect Air Canada and perhaps the government of Canada have realized there no longer is any free market in the aircraft industry; otherwise what would be the reason for agreeing in advance, when neither of them has been flown, to purchase four Concordes and six American planes? Why not wait to see whether they are feasible at all? Here we have a very fine example of a market being guaranteed. No opportunity is being given for anything like a competitive trial between the two planes, nor even a competitive trial between the supersonic and the subsonic.

One would expect that there would be no advantage in gaining an hour or two in a flight across the Atlantic if more and more

time is involved in getting to the airport. It seems to me that it is unwise for a nation with a population such as ours and a country as small as ours to become involved in an experiment such as this. When there is a need for development in other areas in our own country, such as education and research, I do not think we should commit so much of our economic effort to bringing our air line into the supersonic category. I know that these days this is one of the methods employed to buy international prestige; but I doubt really whether Canadians are prepared or should be prepared to pay that price for international prestige. I expect, however, that we will do this, because it will be treated as an inevitability. I expect that Air Canada is above and beyond the reach of any transport board which would be set up as a result of this legislation, because aircraft corporations, not only in Canada but in all countries, seem to be able to put themselves well out of the reach of democratic government.

If there is a need to subsidize technology I believe we should see that it is subsidized in areas which would be more truly productive for the benefit of mankind. Perhaps we should use whatever influence we have left in the United Nations in an effort to get together with the nations in a discussion as to the advisability of continuing this race for higher speeds at increasingly diminishing returns forever and ever.

This is all I have to say in respect of transport, Mr. Chairman, but I do feel that unless there is a close and careful examination made of the future of air transport, and the costs and problems involved in the course on which this nation has embarked, clause 1 of Bill C-231 will be wishful thinking indeed.

Mr. Bigg: Mr. Chairman, it seems that this long debate on Bill C-231 is finally coming to an end. We now are on clause 1, and since this is the clause for which I have been waiting, I have a few remarks I should like to make. First of all, I think this debate has proven the value of the committees system. I do not think any bill has ever had a more careful scrutiny. At least this would seem to be the case now, when we are at the end of a long and arduous debate and see the gentlemanly way in which hon. members treat each other. I must say, however, that this whole proposition of putting all of Canada's transport under one omnibus committee leaves some doubt in my mind as to whether any committee could handle this onerous task. I would go further and say that any minister charged with the responsibility of overseeing the work of such a committee would have his hands full. Therefore I should like to suggest to the minister, and through him to the government, that they give very careful consideration to dividing the responsibility of the Minister of Transport, if not into two complete ministries at least to the point of establishing the position of an associate minister for air.

• (10:40 p.m.)

As the last speaker has pointed out today, air is taking a more prominent place than ever before in the economic affairs of Canada and of the whole world.

It seems to me that if we are to keep in pace with the jet age we need the full time of a minister who would answer all those questions with regard to air transport and, in the very near future, space control, as well as questions on the research and development which is required if we are not to have chaos in the air industry. Certainly the minister who is responsible for co-ordinating our railroad, pipe line and water transport will have more than his hands full. It may be that in the future we may not have as capable a minister as we have at present who, when all is said, has given a great deal of energy and thought to these matters. I cannot say that I have always agreed with his conclusions but his energy is certainly beyond argument.

To be specific on two matters, let me remind the house that we have been told by the ministry over and over again that our Crowsnest freight rates will be protected and honoured and that indeed this commission, when it is in full operation, will attack Canada's transportation problems with vision. We must have the courage and vision to see the greater Canada which must emerge, and this will mean connecting the railway lines which have not been linked in the past. We must have the courage to build and anticipate the tonnage which will travel over the new railway lines.

I join other members of the house in saying that, whether or not it is wishful thinking, we hope that the new experiment in co-ordinating Canada's transportation system will bear the fruit that all of us sincerely anticipate.

[*Translation*]

Mr. Allard: Mr. Chairman, I shall be brief. I merely wish to deal with some views expressed by the minister this afternoon with regard to a question I put at the start of the sitting.

First of all, I shall remind the minister that on September 6, in this house, while he was making some remarks on the proposed resolution, I concluded my remarks as follows:

> How will the provincial government react to this resumption, by the federal government, of some authority in the field of interprovincial highway traffic?

I put that question to the minister, and I suggested to him, on that and other occasions, that he should consult or get in touch with the Quebec provincial government, which is rightly concerned about certain initiatives of the central government.

I notice that since September 6—I know that the minister is very busy—he probably did not have the opportunity or did not want to take the initiative to contact the Quebec government. And what I was expecting finally burst out.

Today's newspapers report, as pointed out by the hon. member for Roberval (Mr. Gauthier), that the Quebec legislature, Premier Daniel Johnson and the leader of the opposition, Mr. Jean Lesage, agreed on that matter. The hon. member for Trois-Rivières (Mr. Mongrain) looked surprised a little earlier that two lawyers could agree on an important point.

Yes, Mr. Chairman, yesterday in the Quebec legislative assembly, the premier and the leader of the official opposition agreed to protest to the central government about Bill No. C-231 on transportation.

The Minister of Transport answered, towards the end of the afternoon, that he had discussed the matter with the right hon. Prime Minister (Mr. Pearson) and that he intended to table tomorrow the correspondence exchanged between the federal government, the central government, and the Quebec government about the matter. The Quebec premier and the Quebec leader of the opposition were not the only ones who protested. In fact, a few weeks ago we read reports in the press according to which the provincial minister of highways, Mr. Lizotte, protested vehemently against certain tendencies revealed in Bill C-231.

This evening, we are asked to sit until the bill reaches third reading. This is absolutely illogical. In conscience, Mr. Chairman, we should be able to read the correspondence to find out on what criteria the Quebec government based its protests and, also, to study the replies given by the federal authorities to the Quebec government with regard to the controversy about Bill C-231.

That is why I would rather we did not vote this evening, we did not agree to third reading, prior to having had the opportunity to—

[*English*]

Mr. Pickersgill: I wonder if I may interrupt the hon. gentleman. There is no intention whatever to ask the house to accept third reading of the bill tonight. All we are doing is trying to complete the committee stage. In fact I do not think that under the rules we could pass the bill tonight even if we wanted to because, as I hardly need to say, there have been a number of amendments and when that is the case it is against the rules to have third reading unless there is unanimous consent to it. So the hon. gentleman does not need to worry; this bill cannot possibly be passed tonight. All we are asking is to conclude the committee stage of the bill.

With regard to the other point raised by the hon. gentleman, what I said was that I did not think we should rely upon what we read in the newspapers, but that I would do my best to see that an approach is made to the premier of Quebec to find out whether he would be agreeable to our tabling this correspondence. Of course I have not had much time this evening to do it myself and I do not know whether anyone in the Prime Minister's office has had a chance to do it either, because it was rather late in the day.

If the premier is agreeable, it will be made available. If he is not, I do not think it would be very courteous to do so. However I can assure the hon. gentleman that if that request has not already been made, it will be made the first thing in the morning. If the story which I read in *Le Devoir* this morning is correct, I see no reason why we should expect any reluctance on the part of the premier to agree. However I think we owe him the courtesy to ask him and not just to take for granted what we read in the newspapers.

[*Translation*]

Mr. Allard: Mr. Chairman, thank the minister for the two assurances he has just given us. And that is why I shall conclude my remarks this evening, even if I have to come back to them tomorrow on the motion for third reading. First, there is the assurance that we will not be asked for unanimous consent to proceed with third reading this evening, and, second, that the minister will do everything in his power to get in touch tomorrow morning with the responsible people in the Quebec government. I sincerely

hope that tomorrow afternoon, at the beginning of the sitting, we will have a statement in that connection.

[*English*]

Mr. Sherman: Mr. Chairman, I should like to add a few words to what I have already said on this particular legislation. First of all I would like to commend the minister for the manner in which he has piloted the bill through the house, the manner in which he has suffered the comments, protestations and interrogation of new members of the house like myself, and for the patience he has displayed and the generosity that he has brought to the deliberations, to the edification of those of us on this side of the house who have been concerned with this far-reaching legislation. I would also commend his over-all motives and intentions in the legislation, and his department for the additional aid they have provided me and my colleagues in this debate.

• (10:50 p.m.)

Having said that, Mr. Chairman, I would just like to end with one appeal which I feel derives from what I consider to be one omission, one oversight in the legislation. I refer to the lack of a concerted reference to our air transportation policy and our air needs in this country. I feel that at this particular juncture of our history, at the very nub, the very height as it were of the air age, it is almost inconceivable that a bill as far reaching and with as many ramifications as this one on the Canadian society should virtually ignore the field of the air and the subject of air transportation, particularly in cities in western Canada such as my own, and other prairie centres.

We believe there are a number of areas connected with air transportation, and a number of aspects of air transportation that require the urgent attention of this house and this government. As a consequence, we hope that this apparent oversight in what is already a mammoth piece of legislation will be corrected shortly by legislation which the minister will be bringing before us.

I should like to make one or two brief references, with an eye on the clock, to a point that the province of Manitoba made in its submission to the standing committee on transportation. I have made many references to this brief. I refer once again to a submission my province made on page 4 of its voluminous brief to the standing committee. They said:

> The principal requirements for an effective national transportation system may be stated as follows:
>
> (a) It should permit access to markets by the most direct routes and by the most efficient means which the potential traffic will sustain.
>
> (b) It should provide that combination of transportation facilities which yield maximum economies to producers and consumers and reasonable returns on invested capital.

With reference to the report of the MacPherson royal commission the Manitoba brief said:

> The commission left no doubt that ... "The primary objective of national policy in Canada has always been to preserve and enhance the political and economic welfare of the Canadian people".

That is to be found at page 96 of the 1966 edition of the commission's report. The bill itself is designed to provide, develop and promote an economic, adequate and efficient transportation system in this country. This is a high and laudable motive indeed. I simply suggest at this juncture, as I make my concluding contribution to the debate, that with this lofty aim in view there is a great deal that must be studied and to which the minister and the government must apply himself and itself with respect to air transportation in Canada.

The most urgent need in this particular area under this specific heading is the need for a healthy and constructive policy for the integration of our regional air carriers and the services they provide in our national air system. There is a pressing need also for an intensified and expanded use of our international airports, particularly the international airports in western Canada, many of which are international only in name. There is an equally important requirement in the area of landing rights that should be made available when negotiations can be consummated for major world air lines at some of our western Canadian airports.

There is a highly urgent and acute need for a continued review of the bilateral air agreement between Canada and the United States, with a view to making available more routes into the United States, airports, airport facilities and air lines operating out of the Canadian west and midwest, and indeed out of centres all across this country that would come withing the category of intermediate and minor communities from the point of view of population.

I refer not only to my own city of Winnipeg, and those of the size of Winnipeg. but

those ranging all the way down to cities with a much smaller population status, which are denied some of the access routes to the United States which would be of tremendous benefit to their economic future. These are some of the things that I suggest need the attention of the minister and government, even though a great many aspects of our transportation life in this country, our transportation milieu, are covered in the mammoth bill we have been considering. Research and expertise in transportation in general must be developed and made available to our government, minister and future ministers of transport. But the most pressing requirement of all is the one I mentioned first, namely the need for the development and encouragement of our regional air carriers to the extent that they can be elevated into a healthy economic position in this country, to the extent that they can begin to play a healthy, contributory role in our over-all transportation picture and to the extent that they can feed and stimulate the national air lines operating across this country.

I make that final plea to the minister in closing my remarks on this particular phase of the debate. It is to be hoped that these particular oversights and omissions from what otherwise is a far reaching and most exhaustive piece of legislation will be rectified by legislation in these areas that the minister will be planning to introduce shortly in the house.

• (11:00 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, I only wish to say a few words so as not to delay the discussion unduly. I know that many members of the house staff have to stay late and I do not want to keep them too long.

Mr. Chairman, I quoted earlier figures and statistics which the hon. member for Trois-Rivières (Mr. Mongrain) seemed to question, if not to reject entirely. I have nothing to take up in his remarks and I leave it to those who will read them to judge.

The Minister of Transport, with his usual courtesy, told me that the proper officials were not available this evening to provide answers and information. I am not asking for them this evening, because I know and admit that the minister cannot, of course, memorize all the railway and transportation rates. I am also aware that the minister cannot require all his departmental officials to stay in the galleries in case a member asked for some information of interest or known by such or such official. I also know that the minister is entirely justified in asking us to wait until tomorrow for his answers. That is why I am not pressing for an answer this evening. I am not asking for a reply tonight, but I want an answer tomorrow, if possible, or before the bill is finally passed.

I think that if the hon. member for Trois-Rivières had listened to my speech, not to criticize or question it, but if he had only listened as I gave it, with the figures I quoted, he would not have said: It might seem striking, but if true, we dare not rise against it, otherwise it would be like the figures of the member for Lapointe.

I will say to the member for Trois-Rivières that in the five years I have been sitting in the house, I have often quoted figures. I have also quoted statistics, not only in the house but elsewhere and no one has ever claimed that I had quoted false figures.

Never. And I challenge the hon. member for Trois-Rivières to prove the contrary. To set the record straight, I can give the hon. Minister of Transport the figures I quoted, so as to substantiate the fact that I said 74 cents and not 71 cents, as given in *Hansard*. I have here the exact figures I quoted, and I am willing to submit them to the minister.

As to the constitutional aspect of the bill and the discussions which could arise, I would like to point out to the hon. minister that I said earlier I did not wish to make any comments tonight, nor any other time until we have seen the correspondence between the Quebec and Ottawa authorities. I mentioned this a while ago and I can repeat that I am not going to make any comments whatsoever before I see those letters.

The hon. minister says that they will be tabled; I would also like to have his assurance that the bill will not pass third reading before we find out whether or not this correspondence will be tabled. Obviously, if the Quebec government refuses to have them tabled, we cannot insist any longer. But if Quebec does accept, I hope the minister will not come and tell us: "We will have third reading tomorrow and the correspondence will be tabled in three or four days". In my opinion, this would not be honest. Moreover, I feel that—

[*English*]

Mr. Pickersgill: Perhaps the hon. member would permit me to interrupt him to say that since the hon. member for Sherbrooke spoke I

have received a note informing me that a request went out late this afternoon to the premier of Quebec for permission. I was not satisfied with that, because the request may have been by telegram or something of that sort. I said I hoped it would be followed by a telephone call first thing in the morning. I am doing everything I possibly can. There is nothing we want to hide and I do not think there is anything the premier of Quebec wants to hide. It is just getting the matter understood between us.

Mr. Winkler: He was not here to hear that.

[*Translation*]

Mr. Grégoire: I was here, and the hon. member for Grey-Bruce (Mr. Winkler) knows it, when the minister said it a moment ago.

[*English*]

Mr. Winkler: If you were, you would not have asked that question.

[*Translation*]

Mr. Grégoire: But the minister never gave the assurance to the house that we would not go on to third reading until the letters were tabled, if they are to be tabled. The only assurance the minister gave—

[*English*]

Mr. Winkler: I rise on a question of privilege now, Mr. Chairman. Seldom do I rise in support of the minister, but I think the hon. member will agree with me that the minister has gone as far as he can.

[*Translation*]

Mr. Grégoire: That does not mean anything, in fact, because the only assurance—

[*English*]

Mr. Winkler: I rise again on a question of privilege. I believe we have all agreed to this. In addition, I believe the hon. member has, in essence, agreed with me. All I can say about him is either he was not here or he is quite as irresponsible as his colleagues from Quebec stated earlier this week.

[*Translation*]

Mr. Grégoire: I am asking the minister to go as far as this: if the letters are to be tabled in the house, providing Quebec agrees, let us wait until they are tabled before the bill is read the third time. If the Quebec government refuses, then of course the bill can be given third reading. But if the Quebec government gives its answer Monday instead of tomorrow and agrees to the tabling of the letters, then let us wait until Monday for the third reading. That is my plea to the minister.

At this time, the only assurance that we have from the minister is that there would be no third reading tonight, that is the only assurance—

[*English*]

Mr. Winkler: Mr. Chairman, the hon. member—

[*Translation*]

Mr. Grégoire: Mr. Chairman, I will ignore the remarks of the hon. member for Grey-Bruce (Mr. Winkler). I will tell him only that his insults do not make a dent in the indifference I feel toward him. In fact, my indifference is complete.

Therefore, Mr. Chairman, we are asking the Minister of Transport to give us that assurance because it might be several days before we get an answer from the Quebec government. But if we are to get the letters, they should be tabled before consideration of the bill on third reading.

Mr. Chairman, I feel that the minister—I know he will do his utmost to secure the letters—could give us the assurance that before proceeding to third reading we will know at least whether or not the Quebec government is willing to table those letters. It seems to me that such assurance could be readily given because, according to the newspapers at least, the premier of Quebec is alleged to have said that he was willing to table the letters but was waiting for permission from the government in Ottawa. If both are waiting for each other's permission, something might be done to speed things up.

Therefore, Mr. Chairman, as regards the constitutionality of the bill and the violations of the constitution, we think it preferable to wait for third reading to discuss that. The minister tells us that it is a question of procedure. He says: I cannot give you an answer tonight, since my officials are not here. As for the letters, we cannot table them tonight as we have not yet received Quebec's consent. And he is asking us to pass clause 1 and to wait for third reading to discuss this problem.

I am asking the minister if he is willing to give us, on third reading, as much latitude to discuss that problem as we would have if we were dealing with it on clause 1. Is the minister ready to grant us the same latitude to discuss it on third reading that we would be allowed through parliamentary procedure if

we dealt with it while examining clause 1 of the bill? That is what I am asking the minister. I wonder whether he could give us an answer immediately, a favourable answer.

[*English*]

Mr. Winkler: As I leave the house, all I can say is the hon. member is the only tail I know that can wag two dogs.

[*Translation*]

Mr. Grégoire: Mr. Chairman, could the minister answer my question?

The Chairman: Is clause 1 agreed to?

• (11:10 p.m.)

Mr. Grégoire: I am sorry, sir, I see that the minister does not wish to answer my question. He cannot be forced to answer, but it is clear that we would have more latitude to discuss such problems in committee, on clause 1, than on third reading because on the motion for third reading our possibilities are very limited, under parliamentary procedure. In fact according to the rules, we have more chance, upon consideration of clause 1 of a bill, to get information and to obtain answers to our questions, which is not the case on the motion for third reading.

Therefore, I believe the minister is in fact, now using the motion moved a while ago to try and preclude us from debating those problems with all due latitude. I believe the minister is using the rules to limit our possibility of debate on that matter by forcing us to debate it on third reading instead of on clause 1 in committee of the whole house.

[*English*]

Clause agreed to.

Title agreed to.

Bill reported

Mr. Deputy Speaker: When shall the bill be read a third time.

Mr. Macaluso: Next sitting of the house.

Mr. Deputy Speaker: May I inform the house that there is a problem of mechanics which arises here. As hon. members know, when the house gives permission for the third reading of a bill which has been amended, that does not carry with it authority to reprint the bill as it comes out of committee of the whole. This is a particularly complex bill. There have been many amendments and it would, I am sure, be of some assistance to the members if they had a reprint of the bill as it came out of committee of the whole. It will be necessary for the house to give this authority, and on behalf of Mr. Speaker I ask for it now.

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I should like to ask what the business is for tomorrow.

Mr. Pickersgill: Mr. Speaker, when my hon. friend from Hamilton West called out "next sitting of the house" with respect to third reading he was correctly interpreting the mind of the house leader. It is proposed to move the third reading of this bill tomorrow as the first item of government business. I hope at that time to be able to satisfy the exigence of the hon. gentleman, but that will depend on persons other than myself. However, I will do my best both as to statistics and as to the correspondence. Meanwhile perhaps the hon. gentleman might read the Privy Council decision of 1954 for the rest of the night, when I think he will have the answers to all his questions.

When the third reading is completed—and I intend to spend most of the night in prayer that it will be completed—it is proposed to take item No. 84 on today's order paper, which is second reading of an act to revise and consolidate the Interpretation Act and amendments thereto. I would think that this would be an emotional exercise for the house.

The next item would be item 62, a bill having to do with the Canadian Film Development Corporation; then item No. 83, an act respecting an immigration appeal board. Then there is a little bill having to do with armed forces visiting Canada from other countries. I am told that—

Mr. Bell (Saint John-Albert): —it is an innocuous bill.

Mr. Pickersgill: The hon. member is being helpful. Then there is a resolution, item No. 116 on today's order paper, respecting the Small Businesses Loans Act which has to be extended. Finally we will take item 120 having to do with postal services. If all of these items are completed, the government reserves the right to take practically any other item on the order paper; but I think there is an understanding that there are one or two items that will not be proceeded with after five o'clock.

Mr. Deputy Speaker: Order. I should point out to hon. members that when the motion to extend the sittings was made this evening no time of termination was mentioned. Standing order 6(2) under which that motion was made states:

An extended sitting under the provisions of this section, unless a closing time has been specified, shall not be terminated except by the adoption of a motion to adjourn and Mr. Speaker shall not deem that a motion to adjourn the house has been made by virtue of the operation of any other Standing Order.

At this time I would accept a motion to adjourn.

Mr. McIlraith: Mr. Speaker, I move that this house do now adjourn.

Motion agreed to and the house adjourned at 11.16 p.m.

HOUSE OF COMMONS

Friday, January 27, 1967

The house met at 11 a.m.

[*Translation*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

EIGHTEENTH REPORT OF STANDING COMMITTEE

Eighteenth report of standing committee on finance, trade and economic affairs, in English and in French—Mr. Gray.

[*English*]

TRANSPORTATION

TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND QUEBEC PREMIER

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, last night in committee I said that if permission was received from the premier of Quebec, the correspondence between the Prime Minister and the premier would be made available to the house. I learned, just as I came into the house, that the consent has been received but it is limited in this way. The last letter the Prime Minister wrote to the premier deals with several subjects still under discussion. It is proposed, therefore, to table only the extract dealing with Bill C-231. The correspondence will be ready for tabling in a few moments. I wonder if I could have the agreement of the house to table that part of the correspondence as soon as it becomes available.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Later:*]

On the orders of the day:

Mr. Pickersgill: Mr. Speaker, I wonder whether, in accordance with the consent given by the house, I may now table the copies of the correspondence between the Prime Minister and the premier of Quebec.

Mr. Speaker: Has the minister leave to table the documents in question?

Some hon. Members: Agreed.

LABOUR RELATIONS

MARITIME UNIONS TRUSTEES—TABLING OF CORRESPONDENCE

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, last week the hon. member for Skeena asked the Minister of Labour to table some correspondence between members of the maritime trustees and the Minister of Labour, and the interim report of that board of trustees. I should like to do so now in English and French.

Mr. Speaker: Has the parliamentary secretary leave to table these documents?

Some hon. Members: Agreed.

[*Later:*]

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, before you call orders of the day I wonder whether I may direct a question to the parliamentary secretary to the Minister of Labour relating to correspondence he tabled today. The correspondence which was tabled is not that to which I referred when I asked the minister for it. I asked whether he would table correspondence between the government and the trustees with respect to their reappointment. All we received is a document relating to the one year extension of the term of office of the trustees but nothing about the other matter. Will the parliamentary secretary look into this question?

Mr. Mackasey: I will discuss the matter with the hon. member for Skeena after orders of the day.

FINANCE

PROPOSED LEGISLATION BY ONTARIO IN FIELD OF BANKING

On the orders of the day:

Hon. Michael Starr (Ontario): I do not wish to interrupt the advice which is now being given by the former minister of finance to the present minister, but I wish to direct a question to the present Minister of Finance and ask him this. In view of the statement made in the Ontario legislature yesterday by the minister responsible for financial and commercial affairs regarding Ontario's intention

to legislate in the banking field, does the hon. gentleman intend to review the position taken by the federal government with regard to amendments to the Bank Act in particular?

Hon. Mitchell Sharp (Minister of Finance): I do not think it will be necessary to consult with my former colleague on this—

Mr. Starr: Former?

Some hon. Members: Oh, oh.

An hon. Member: The truth is out.

Mr. Sharp: This is a case in which he was a former colleague and now, I am happy to say, is a present colleague.

Mr. Knowles: What was he in the meantime?

Mr. Sharp: He was a very highly respected member of parliament.

To be specific in answer to the question asked by the hon. member for Ontario, the government does not intend at this stage to amend the Bank Act along the lines suggested by the hon. gentleman. It is, however, our intention to proceed with some dispatch in connection with the deposit insurance legislation, which I think will help greatly to improve the standards of financial management of the trust and loan companies and other deposit taking institutions. I do hope that the province of Ontario, like the province of British Columbia, will make it mandatory for all deposit taking institutions to be insured by the federal agency.

Mr. Starr: Does the minister not feel this would be an appropriate time for the federal government to act in accordance with the recommendations of the Porter commission and bring other lending institutions under federal regulation, and not push forward with this band aid type of approach with respect to deposit insurance?

Mr. Sharp: As I said previously in the house when similar questions were directed to me, I do not rule out the possibility of action along those lines. However, I think it is important that we should proceed with legislation which can be helpful now. I do not want to found our legislation upon any interpretation of the ambit of banking jurisdiction which might be found by the courts to be invalid.

Hon. Marcel Lambert (Edmonton West): In the light of the minister's statement that the government will proceed with dispatch with the deposit insurance legislation, would the hon. gentleman use his good offices with the leader of the house to have that legislation brought forward immediately so it may go to the finance, trade and economic affairs committee where we can proceed to examine its many facets? This is very important.

Mr. Sharp: Yes, Mr. Speaker. I hope we will also have the co-operation of all parties in the house for some agreed apportionment of time so we can do that very thing.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): As a supplementary question, Mr. Speaker, can the Minister of Finance tell us whether he has had any response from other provincial governments such as that which he has received from the premier of British Columbia with regard to deposit insurance?

Mr. Sharp: No, Mr. Speaker. I am having the views of the provincial governments canvassed at the present time. I can say, however, that we have had an excellent response from the trust and loan companies.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a supplementary question while we are on the subject of banking. It is one that either the Prime Minister or the Minister of Finance may wish to answer. Has the government made any protests to the United States in reference to the proposed legislation dealing with Canadian chartered banks doing business in the United States, which legislation has now been announced officially?

Mr. Speaker: Order.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. It would be improper for us to make a protest in respect of legislation that has not even been introduced.

Mr. Speaker: Order. I was going to suggest that this was more a related question than a supplementary.

Mr. Woolliams: It is a very important banking question, Mr. Speaker.

Mr. David Lewis (York South): As a supplementary question, Mr. Speaker, I would like to ask the Minister of Finance whether he and his colleagues have given consideration to amending the bill regarding the Bank Act in such a way as to be able to refer the clause defining banks more widely than now

and including the banking operations of institutions other than banks, to the Supreme Court of Canada for a constitutional decision.

Mr. Sharp: Mr. Speaker, the government had considered this question when the revisions to the Bank Act were introduced, but for the reasons I have given decided to proceed now with the Bank Act in its present form. I might point out to the hon. gentleman, who of course is much more learned in the law than I can pretend to be, that it is impossible to define a term of the British North America Act, and all we could refer to the supreme court would be some legislation, or some action that we propose to take under the ambit of the banking clauses.

Mr. Lewis: On a point of order, Mr. Speaker, apparently I failed to make myself clear. That is precisely what I thought my question was intended to convey, to have a section or a part of the act applied to institutions other than banks. Then I asked the minister whether he would consider doing that and refer it to the Supreme Court of Canada under the Supreme Court of Canada Act.

Mr. Sharp: I do not think it would be appropriate to apply the Bank Act to these so-called near banks. I do not believe that would be a proper procedure, and that is why the government decided not to put a section into the Bank Act which would apply the Bank Act itself to all of these deposit taking institutions.

Mr. Cameron (Nanaimo-Cowichan-The Islands): As a supplementary—

Mr. Speaker: Order, please. The hon. member will recognize that we have had at least six or seven supplementary questions, and I suggest to hon. members that we move on to another subject.

SUGAR

INQUIRY AS TO DISCUSSIONS RESPECTING INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in the absence of the Minister of Trade and Commerce may I direct a question to the right hon. Prime Minister with reference to the proposed Caribbean conference which is to be held at Saint Lucia shortly. Are any discussions to take place at that conference with respect to an international agreement on the price of sugar?

The Prime Minister will remember that a year or two ago when I suggested we should follow the example of the United States and Great Britain in getting a guaranteed price range for sugar which would provide some price stability to the Canadian consumer, the former minister of trade and commerce suggested that the world price was too high. It is now the lowest it has been for several decades. Is the government pursuing the question of an international agreement for sugar, and will such a policy be discussed at this forthcoming conference?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we are actively pursuing the idea of an international sugar agreement, which I think is the best way of dealing with the problem and helping our friends in the Caribbean at the same time. But in the absence of a program along those lines we will be discussing with the governments at the conference, which is to be held on the official level, other ways in which we might possibly be able to assist the sugar producers of that part of the world pending the working out of an international trade agreement.

Mr. Douglas: Mr. Speaker, may I ask the Prime Minister whether any discussions have been held with the government of Jamaica, and what progress has been made if such discussions have been held.

Mr. Pearson: This subject has been discussed with all the governments in the West Indies and will be discussed at the conference which opens either today or on Monday. When the deliberations at the conference have been completed, perhaps we will be able to make a report to the house which will throw some light on the progress which has been made.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to go back to the question raised by the hon. member for Burnaby-Coquitlam concerning the negotiations with Jamaica. Did the Prime Minister inquire of the Minister of Trade and Commerce why Canada dropped negotiations with Jamaica last fall when the world sugar price dropped?

Mr. Pearson: It was because we were trying to proceed on the international front, and also because certain proposals we had made to Jamaica and other West Indies governments in order to assist them in this matter had been found to be impossible to work out in terms of our GATT agreements.

Inquiries of the Ministry

NATIONAL SECURITY

CALVIN MACDONALD—APPEARANCE BEFORE ROYAL COMMISSION

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to direct a question to the Prime Minister in the absence of the Solicitor General. Has Calvin Macdonald requested permission to appear before the national security commission, and has the government granted him this privilege?

Right Hon. L. B. Pearson (Prime Minister): This would be a question for the commission to decide. I have been informed that on January 20 and January 25 of this year the commission advertised in all the major newspapers to the effect that anyone who wished to appear before the commission to present a brief could do so. That, of course, would include the gentleman in question.

DRUGS

AMENDMENT OF LEGISLATION TO PROVIDE GREATER CONTROL

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the Prime Minister. Although the list of proposed legislation was lengthy, there was an important omission. Does the government intend to introduce amendments to the Food and Drugs Act which would establish more effective control over the use of new drugs? LSD would be an example.

Right Hon. L. B. Pearson (Prime Minister): I will have to discuss this matter with the minister. I doubt whether there would be an opportunity in the early part of the year to deal with this matter, but there may be an opportunity later in the autumn.

FINANCE

MERCANTILE BANK—CORRESPONDENCE WITH OFFICIALS OF NATIONAL CITY BANK BEFORE PURCHASE

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of Finance. I regret that his colleague the former minister left the chair beside him, because he may need his advice. I should like to ask the minister if he can inform the house whether any official of the government—a cabinet minister or a cabinet minister's predecessor—did in any way communicate with the officials of the First National City Bank of New York with regard to the purchase of the Mercantile Bank prior to the purchase?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I would have to study that question very carefully. It is rather like the debate which has been going on in the committee of this house. I think these matters should be clarified in that committee and that the Minister of Finance should not on the spur of the moment be asked to answer a question which is phrased so carefully.

INDUSTRY

REQUEST FOR COMMITTEE CONSIDERATION OF AUTOMOBILE AGREEMENT

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct a question to the Minister of Industry. In view of the proposed march on Ottawa by union leaders representing some 20,000 unemployed automobile workers in Oshawa, St. Catharines and Windsor, would the minister reconsider the suggestion proposed by the hon. member for Ontario on January 24 that the auto pact be referred to a committee of this house so that all aspects of this pact could be discussed?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, like other members of the house I have great sympathy for those who I hope are only temporarily dislocated as a consequence of an adjustment of automobile production to current market conditions. I am looking forward to seeing the delegation when it comes here.

Perhaps after hearing what they have to say and after discussing the question with them would be the best time to determine what should be done.

CANADIAN CONFEDERATION

REQUEST FOR ACCELERATED STUDY BY FEDERAL GOVERNMENT

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the right hon. Prime Minister whether, in view of the initiative taken by the premier of Ontario in connection with an over-all study of confederation and the constitution and his invitation to other governments to meet with him, and in view of the initiative previously taken by at least one other province in this regard, he

will urgently consider accelerating the federal government's study of this matter? The objective would be of course to enable a parliamentary committee to be established at an early date so that parliament could give consideration to this matter so as to insure in turn that the federal government is not caught short when the provinces have completed their studies.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we expect to have our studies completed in time for any constitutional conference which could usefully be called after all the preparatory work has been done at the federal and provincial levels. As soon as the federal study has been completed by the government this matter will be submitted to a parliamentary committee.

I should point out that the statement of the premier of Ontario on this question did not visualize a constitutional conference, but rather a meeting the nature of which is not clear in my mind, but at which the constitution as it is at present would be discussed. I hope shortly to be in touch with the premier of Ontario by correspondence to find out what he had in mind when he made his announcement.

Mr. Fulton: Mr. Speaker, would the Prime Minister indicate to the house in general terms his projected timetable in respect of this study? When might we expect a committee of this parliament to be established to study this question under the proposed timetable?

Mr. Pearson: I do not think it would be possible to do that until the autumn at the earliest.

Mr. Fulton: Would the Prime Minister reconsider that timetable in order that we will not be in the position of not having completed our study when the provinces come forward with a formal position? Surely it would not be desirable for the federal government to be left without any position at that time.

Mr. Pearson: I do not think the provinces will have completed their study before the federal government and this parliament have considered the matter. However, that will be a matter for them to decide. I can think of nothing more unproductive than the impression that a constitutional conference will be held shortly to revise our constitution before all the preparatory work has been carefully worked out.

Hon. Michael Starr (Ontario): Mr. Speaker, I have a supplementary question. Will the Prime Minister say whether in respect of this important matter the government is withholding any action until it receives the report of the B and B commission, after which it will chart a course?

Mr. Pearson: No, Mr. Speaker, that is not holding up our work at all and is not a factor involved in our desire to complete this work as quickly as possible; and that includes consideration of all aspects of this vital matter and its reference to a parliamentary committee.

Mr. Starr: In view of the answer given by the right hon. gentleman, will he indicate what the government intends to do with the report of the B and B commission when it is received?

Mr. Speaker: Order, please.

HISTORIC SITES AND MONUMENTS

LOUISBOURG FORTRESS—DISMISSAL OF SENIOR EMPLOYEE

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to direct my question to the Minister of Indian Affairs and Northern Development. In view of his absence perhaps his parliamentary assistant or the acting minister will answer it.

My question is based on charges that one Jeremy Akerman was discharged from a senior position on the fortress of Louisbourg restoration project as a result of political activities on behalf of the New Democratic Party. Will the minister institute an investigation into this very serious charge and make a report to the house?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I should like to take the question as notice on behalf of the minister. I am sure he will look into this matter.

LABOUR CONDITIONS

DEMAND BY U.S. UNION TO PARTICIPATE IN PRODUCTION OF FILM

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Manpower and Immigration. Let me preface my question by saying it relates to a production crew making a film called

"The Fox" at the Kleinburg studios near Toronto. Will the minister make inquiries into the demands of the I.A.T.S.E.—the International Alliance of Theatrical Stage Employees —who are insisting that the New York local provide part of the production crew for this film? There are competent Canadians who could do this job.

Hon. Jean Marchand (Minister of Manpower and Immigration): I will inquire into this matter, Mr. Speaker.

IMMIGRATION

WARNING TO IMMIGRANTS RESPECTING HOUSING IN LARGER CITIES

On the orders of the day:

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I should like to answer a question put to me yesterday by the hon. member for Halifax (Mr. Forrestall). His question concerned housing conditions for immigrants. The cities to which I referred as experiencing housing difficulties are Toronto, Hamilton, Windsor, Kitchener and Vancouver.

[*Translation*]

NATIONAL FILM BOARD

FAILURE TO PRODUCE FILM ON CANADIAN CENTENNIAL

On the orders of the day:

Mr. Gérard Laniel (Beauharnois-Salaberry): Mr. Speaker, I should like to put a question to the hon. Secretary of State.

Is the minister aware that in this very centennial year of confederation, the National Film Board does not have documentary films on confederation, more particularly on the Confederation Act?

Mr. Speaker: Order. The question of the hon. member constitutes a form of representation and I wonder whether he considers it of such urgency. If he wishes, he could possibly bring it up at ten o'clock.

Mr. Laniel: At ten o'clock, Mr. Speaker.

[*English*]

DIVORCE

EFFECT ON FEDERAL LEGISLATION OF ONTARIO INQUIRY

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of Justice based upon the announcement in the speech from the throne in Ontario that that legislature will conduct a public inquiry into divorce. In view of the fact that the committee of this house is well along in its study, will the inquiry in Ontario in any way slow down the introduction of possible legislation in this house?

Hon. Lucien Cardin (Minister of Justice): No, Mr. Speaker, I do not think it will. The work that is being done by the committee will be very useful to the government in bringing down legislation.

[*Later:*]

Mr. Prittie: Mr. Speaker, I wanted to put a question to the hon. member for High Park in his capacity as joint chairman of the committee on divorce. I see he is absent at the moment so I will put the question on record.

I would like to know if the province of Ontario has made any application to appear before the joint committee on divorce.

Mr. Speaker: Order, please.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY— POSSIBLE DELAY THROUGH DESIGN CHANGES

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, my question is for the Minister of Public Works, but possibly the acting minister might take it as notice. It is prompted by a reported statement by the premier of Prince Edward Island to the effect that a pending report by a leading consulting engineer is expected to question the department's design for the Northumberland strait causeway as not taking into account the ice hazard. Since this project is a dominion responsibility, will the minister advise the house whether significant design changes are in contemplation and whether any delay in the completion of the crossing will result therefrom?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, I will take this question as notice and bring it to the attention of the minister.

HOUSE OF COMMONS

ARRANGEMENTS FOR TAKING PHOTOGRAPH OF HOUSE IN SESSION

On the orders of the day:

Mr. Lee Grills (Hastings South): Mr. Speaker, on a question of privilege, it was

indicated in a note I received from Your Honour today that you were going to take a picture of the house on February 8. I want to inform you that the agriculture committee will be away from the house during that week. I am sure you will agree that without those handsome farmers there would be a great vacancy in this house.

Mr. Speaker: I assure the hon. member that I have no intention of taking a picture. But his representations have been noted, and I am sure an appropriate change can be made to the proposed arrangements.

CANADIAN BROADCASTING CORPORATION

PROTESTS AGAINST QUALITY OF INTERVIEW WITH MR. VON THADDEN

On the orders of the day:

Mr. Colin Cameron (Nanimo-Cowichan-The Islands): Mr. Speaker, my question is addressed to the Secretary of State. I would like to ask the hon. lady whether she is aware that a few days ago a member of the West German Bundestag was in Ottawa and reported at that time that he had wired the C.B.C. to ask if they would arrange an interview for him on television because he was appalled by the incompetence and biased interview of this man von Thadden and felt that the whole picture had been distorted by this incompetence. Would the hon. lady inquire why, if the C.B.C. received this communication, they have not replied to it?

Hon. Judy LaMarsh (Secretary of State): Mr. Speaker, I heard such a rumour in Toronto. As a member of the House of Commons, the hon. member must be aware that many people would like to be on C.B.C., but the C.B.C. does not put them on just because they request it. An individual must have some newsworthy value in order to be put on television. I have no idea whether in fact this man did communicate with them and they decided not to use him on a program. I will check this. As I say, I have only heard a rumour.

Mr. Cameron (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Would the hon. lady at the same time convey to the C.B.C. the very grave misgivings and apprehensions of many Canadian citizens about what I termed earlier the grossly incompetent and biased interview on T.V.? It was a disgrace to Canada and the C.B.C.

Inquiries of the Ministry

THE CANADIAN ECONOMY

REQUEST THAT ECONOMIC COUNCIL CONDUCT RESEARCH

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of Finance. I would have asked it yesterday but there was not enough time for backbenchers. Has the attention of the minister been drawn to the suggestion of Professor Neufeld, of the department of political economy of Toronto university, that the Economic Council of Canada should be given the responsibility for engaging in research in the specific area of profit-wage-price developments and in short term economic developments in general? I am aware of what has been done, and no doubt Professor Neufeld is, but I wonder whether the minister is considering further research.

Mr. Speaker: Order. The question is of a very general nature and should be placed on the order paper.

[*Translation*]

HOUSING

REQUEST FOR ASSISTANCE IN HOME CONSTRUCTION

On the orders of the day:

Mr. Henri Latulippe (Compton-Frontenac): I should like to put a question to the Minister of Labour but, in his absence, I shall put it to the Minister of Finance and Receiver General.

Does the minister intend to provide direct assistance to home building?

Mr. Speaker: The hon. member will agree with me, I am sure, that this question, being of a very general nature, should be put on the order paper.

[*English*]

INDUSTRY

BETHLEHEM STEEL—EXTENSION OF OPERATIONS INTO CANADA

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I would like to address this question to the Minister of Trade and Commerce. Did the minister while in San Francisco confer with officials of the Bethlehem Steel Corporation in respect of having their company extend its operations into Canada?

Hon. Robert Winters (Minister of Trade and Commerce): The answer is no, sir, I did not.

Inquiries of the Ministry

POST OFFICE DEPARTMENT

REQUEST FOR STATEMENT ON SERVICE PROVIDED BY HUDSON'S BAY COMPANY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, a couple of weeks ago the Postmaster General indicated that he would be making a statement in the house about the Hudson's Bay Company and its relationship with people in outlying communities served by their stores. I wonder whether the Postmaster General could tell us what has taken place in this respect.

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I have asked my department to make an investigation into this matter and I have also asked the Department of Justice to report on it. As soon as I have received this information I will be able to make a statement.

TRADE

CANADIAN FOOTWEAR FACTORIES PUT OUT OF BUSINESS BY IMPORTS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Finance. Has the minister received recently a brief from the Footwear Bureau of Canada alleging that in the last two years 26 footwear factories in this country have been put out of business by imports? If so, has a policy decision been taken on the matter?

Hon. Mitchell Sharp (Minister of Finance): I shall have to inquire, Mr. Speaker. I do not recollect whether I have received such representations.

TRANSPORT

ST. LAWRENCE SEAWAY—OPPORTUNITY TO PROTEST INCREASE IN TOLLS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, last week I asked the right hon. Prime Minister whether he had received a telegram from the council of the city of Sept Îles, Quebec, with respect to their protest regarding any increase in the St. Lawrence seaway tolls and asking that some opportunity be given them to make representations. The Prime Minister indicated at that time that he had received such a telegram and would acquaint the house later with the terms of his reply. I wonder whether he is able to do so now.

Right Hon. L. B. Pearson (Prime Minister): I did receive the telegram, Mr. Speaker, and an acknowledgment was sent. I have discussed the matter with the Minister of Transport, who will be replying in greater detail shortly.

Mr. Douglas: A supplementary question, Mr. Speaker. Would the Minister of Transport be able to acquaint the house with the nature of his reply when that statement is made?

Hon. J. W. Pickersgill (Minister of Transport): I would be very happy to do that, Mr. Speaker.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State. In view of the fact that some members of parliament have undertaken to grow beards for the centennial year, I would ask whether this is an official centennial project.

Hon. Judy V. LaMarsh (Secretary of State): No, Mr. Speaker, but I think it is a very good idea. I am only sorry that I cannot do it myself.

FINANCE

STATEMENT ON RUN ON MONTREAL CITY AND DISTRICT BANK

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to direct a question to the Minister of Finance following the short statement he made in the house last night at seven o'clock concerning the Montreal City and District Savings Bank. Has there been any change in the situation since last night, and has normal business been resumed?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, just before I entered the house I made inquiries of my officials and it is their understanding that the situation is somewhat improved. It is most regrettable that there should have been this run on a bank which is so conservatively run and which I know will be able to meet all its liabilities.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

Hon. J. W. Pickersgill (Minister of Transport) moved the third reading of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions.

He said: Mr. Speaker, I regret inflicting myself once more upon the house and I will be very brief, but I did promise last night that the Prime Minister would table, if the consent was available, the correspondence with the government of Quebec regarding part III of the bill, and I have done so. I have some extra copies in English and in French if any hon. member wishes to peruse it.

I also promised the hon. member for Lapointe that I would attempt, if I could, to provide certain statistical information for which he had asked. I am sorry to have to say that the information was of such a detailed character that although my staff has been working on it—and perhaps I am not at my brightest this morning anyway and might not have been able to absorb it even if I had received it—it has not been possible to put it in a form in which it could be presented to the house. It is not strictly relevant to the bill, but I intend to give the hon. gentleman a detailed reply in another way.

I want to say one or two words about the bill itself. It seems to me that this bill, which I think we can safely say has not been railroaded through parliament, has had a passage that has been attended by some unexpected events. However, I think I can say that, notwithstanding the considerable number of amendments that have been made to it, it is my opinion that the amendments have been improvements, and I would not have been willing to accept them if I had not thought so. In some cases they were very substantial improvements. I believe that members in all parties and on all sides of the house have contributed to the improvement of the bill, and I say this with the greatest sincerity.

Some hon. members, while speaking on clause 1 in committee last night, indicated a few misgivings about the bill, some them rather serious. I do not pretend for one minute that this bill is perfect. I do not pretend that we may not want to make some amendments to it quite soon. But I think it is about as good a measure as we could have agreed upon collectively at this particular time. I do confess that with respect to the patchwork—if I may put it that way—that we had to do on clause 74 yesterday I am not quite as happy as I am about the rest of the bill. Perhaps I am not quite as happy about the circumstances that brought it about and I may even be a little scarred still, but I try to bear my scars cheerfully.

There is one matter about which I do feel a little concerned, and I think it would be only fair for me to express it to the house. I am referring to my concern about the wide open implications of clause 15 (1) (e) which is now really unqualified by anything else in the bill. Since this clause is mandatory and imposes a duty upon the commission, it does seem to me it is just possible that it would give carriers a little more freedom to bring matters before the commission than we really intend to give them.

I think if that is the case the situation was helped very considerably by the reintroduction into the bill by an amendment moved by the hon. member for Medicine Hat of the provision I had suggested earlier, giving ministers of the crown the right to be represented at any such hearings. However, I would really wish to see a little more restriction upon this freedom in the bill. I would prefer to see an express provision that there should be public hearings when the commission is acting under clause 15 (1) (e) and perhaps under one or two other subclauses of clause 15.

I know that in construing a statute one can pay little attention to what goes on in the legislature where it was enacted. But I would still hope that notwithstanding the fact that there may be that imperfection, the commission would never make any determination under that clause and under one or two others without having public hearings. I feel that is very important, and that all interested parties should be permitted to attend.

In making this point I do not really seriously anticipate much difficulty, and I will not ask one of my colleagues to move that the bill be sent back to the committee to try to make another improvement to it. I think we have about reached the limit of human endurance, and I will not do that at all. I made the point because I thought I should express my misgivings in case, before too long, it might be felt that these imperfections—if I am right in regarding them as slight imperfections—might have to be corrected.

• (11:50 a.m.)

Mr. Bell (Carleton): Leave something for the Senate.

Mr. Pickersgill: The hon. member for Carleton, whose aspirations, if I read the press correctly, may be somewhat similar to mine, has suggested that we leave something for the Senate. Perhaps he, the hon. member for Winnipeg South Centre and I might all go there together. It would certainly be a livelier place.

Mr. Churchill: May I ask the hon. member a question. Has he proposed my name to the Prime Minister? Let us have not just words; let us have some action.

Mr. Pickersgill: I suggested to the Prime Minister that if the hon. gentleman was given the tools he might finish the job. However, all joking aside, I think in a bill of this magnitude it is possible that there may be the necessity for a sober second thought about some of the verbiage used here and there, and although I hope the other place will not scrutinize very much the substance of the bill, I do hope they will scrutinize its form in order to make sure that it is couched in good English and good French and that it means what we intend it to mean.

I think it would have been most ungracious of me, sir, in light of what I sometimes think were the many quite undeserved and charitable things that have been said about me at various stages during the course of this long debate if I did not acknowledge in turn the very genuine appreciation, occasionally perhaps slightly mixed with irritation, that I have felt throughout the passage of this bill, both in the standing committee and in the committee of the whole in this house. I do think, the whole record taken together, we can all feel that we have, perhaps not in speed but pretty well in every other respect, given a fair example of how parliament ought to work in producing good legislation.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my first words will be to join with the Minister of Transport in emphasizing as well as I can that when parliament does do a good job, as it has done with this transportation bill, the country should know about it. I think during this session in the handling of the medicare discussion, in the handling of the guaranteed income supplement proposal, and particularly in the handling of this transportation bill, we on both sides of the house have demonstrated to the whole country that when parliament puts its mind to it it can do a good job.

I have had something to do with railway legislation such as that which is now before us for a good many years, Mr. Speaker. When the royal commission report was submitted to the previous government in 1962 it was our task to make the first drafts of a transportation bill. At that time the bill dealt primarily with railways. It was our concern then how we could manage the railways more efficiently and yet allow for the maximum of freedom.

So far as the rationalization concept was concerned, we felt at that time that this should be kept within the power of the elected representatives of the people in the central government of Canada and that we should deal directly and co-operatively with those provinces that do have rationalization problems. To that end, Mr. Speaker, an informal agreement was reached with the provincial premiers of Alberta, Saskatchewan and Manitoba as to the course we would follow in the procedure of rationalization.

It is on this question, Mr. Speaker, that I still have some lingering doubts about this bill, but I have said enough already in this house to indicate what those doubts are. Therefore, in summarizing the first part of my remarks I should like to say that this parliament has demonstrated that it can take a very involved bill, affecting a large section of the economy of this country, and draft legislation which admittedly is venturing into an unknown field in turning over vast delegated powers to a board on a problem we know very little about. In this respect we have made a good effort to produce a bill that will give some guide lines to this new board.

Using round figures, Mr. Speaker, over 40 amendments were proposed to the draft of the bill as submitted to the standing committee in 1966. In the committee in this chamber approximately a further score were added, and some were turned down. I think this is reason for complimenting the government for being flexible, on the one hand, and above all for pointing out that for the most part the opposition has been constructive and has tried to be helpful to the government in producing a better bill.

There is one matter, Mr. Speaker, about which I still wish to place a caveat on the record. As I mentioned a few moments ago, the government to which I belonged intended to carry out the rationalization provisions of the proposed operation of the railways in Canada through the co-operative efforts of the provincial governments and the federal government.

In the bill as it is now a new principle has been brought in which turns the powers of the elected representatives over to a delegated board which is to carry out these rationalization provisions. On behalf of our party I stated on second reading and in committee that we reluctantly accepted this principle in an effort to try to achieve the efficiency in the management of our transportation system that a modern economy required.

In our amendments we tried to do two things under the general principles about which I am talking. On the one hand we tried to strengthen the hand of the board in order that it could better do its job. Simultaneously we tried to keep in the hands of the elected representatives—in other words in parliament, the House of Commons and the Senate—a little more control over this board to which we delegated such vast powers.

The caveat I want to register, Mr. Speaker, is that I still feel it would not have done any harm and would have strengthened the bill considerably had we given that board the power to direct as well as to recommend. In view of the pressure of the subsidies, we could have given to that board considerable authority to express to railway management that where there were ways to run the railways better and save money and thereby keep tariffs down, and perhaps the board could have got its way more effectively with the railways had it been given power to direct. We lost that amendment, Mr. Speaker, but we make no apologies for having made the try.

Simultaneously with trying to strengthen the power of the board to do its job properly the hon. member for Peace River also moved an amendment to set up a more sophisticated means by which parliament could control one of its agencies, whether it be a crown corporation or a board. This proposal too was voted down in committee. I think that was a mistake, and I hope it does not turn out to be fatal. I know that in theory the standing committee on transportation has the right to examine the workings of this board. I also know that because of the lack of skilled professional help at the command of the standing committee there is not a great deal that laymen can do.

• (12 noon)

For two or three years after passage of this bill, because of the interest aroused in its preparation over the last few years, a number of members will take an active interest in this matter and maintain their knowledge. Ultimately, from apathy, from human nature, the interest will drop, and I am afraid the board will have tremendous powers without full and proper control by parliament. Nobody will be interested enough to look at it, to exercise the control that is needed.

If a government wants to play games it is possible, under the rules of the house, to delay the setting up of a committee until far into the session. At that time other things occupy hon. members and little may be done. We should prefer that a standing committee be set up in such a way that the government could not interfere with the way the board is brought under review. We should like to have that committee under the chairmanship of an opposition member. We started that principle in the public accounts committee some eight years ago and it has worked very well. I think it would work just as well here.

Third, we should like to see that committee buttressed by at least three highly qualified individuals able to deal with technical matters that the ordinary layman member of the house cannot deal with, in order that the chairman of the committee and the committee may be aware of what is happening on the board. It is in this area that trouble will arise. The interest of the House of Commons will not be maintained, and as a result I can see the board becoming a power unto itself. There will be no machinery or capacity to check and control it, unless there is a serious uproar here, in the house.

All this was dealt with in committee. I do not have to rehash it. I have made my point. This party is concerned about our handing over tremendous powers to this board without there being more sophisticated means to strengthen our committee to control that body.

Another point I want to raise in summary has to do with the Crowsnest pass rates. This matter is always dealt with emotionally because for over half a century thousands of Canadians have depended on this rate structure to operate their industries and make a living. It has not been repeated often enough in this debate that at the beginning a contract was made. That contract has been modified over the years, but its essence was that if a group of men built a railway, certain things would be done. The railway, the Canadian Pacific, received tremendous land acreages, valuable oil and mineral rights, forest lands,

huge sums of money and monopolies in certain areas. In return it was to carry our grain seaward at a fixed rate.

With advances in automation and engineering, instead of an engineer and crew operating a train of 25 box cars they now can operate a train with 100 box cars. The sooner the railways realize there is modern equipment, the better. Modern, enlarged cars are available, with improved techniques of grain handling in the prairie areas and terminals the cost will be kept constant. Change will keep it constant. The railways cannot argue they are losing money on the Crowsnest pass rates. They have used this argument as a constant propaganda pressure on the people of western Canada. They have tried to maintain the myth that they lose money on these rates, but the truth is that they do not lose money.

The 1964 bill introduced by the government said that if there were losses under the Crowsnest Pass rates there would be a charge on the treasury. In this bill, the 1966 bill, that section has been taken out. When I raised this matter on second reading the minister said the section was taken out because there are no losses on the Crowsnest Pass rates; yet the section having to do with the review was included. My colleague for Winnipeg South Centre moved an amendment to that, and the majority of this parliament spoke with him. Owing to the tradition that Mr. Speaker always maintains the rules, the parliamentary wish prevailed, and I hope that matter is dead, dead, dead.

The pact was made. The railways got their part of the contract; they shall honour their obligation under the contract. The other day, looking at evidence showing the peripheral advantages the railways got as part of the agreement, I saw that one of them was rights to minerals. One peripheral operation alone has assets today of approximately $400 million. I will not mention the value of oil and gas rights which will increase as the years go by and as discoveries continue. I do not mention the value of the tremendous forest tracts the railways have and still enjoy. I could list all the things the railway got, and I have little use for those who say that because the railways got all the cream and they are down to the skimmed milk, we should make a new contract.

The Crowsnest pass rates are a part of our national structure, and I hope discussion of them is over. Parliament has spoken. The bill will get through. I hope nobody raises this issue again. The people of western Canada thank opposition members of parliament for the amendment which was carried.

On the question of maximum rate control and costing we are moving into the unknown. I can only say that the best chance all Canadians will have is if we give the board the power to obtain competent personnel to deal with costing and work out a system of accounting, that we may know what things cost, and that we need not accept the figures of the railways. If this could be done, if competent staff could be selected by the board, many of us would feel relief. We know we are not competent to deal with these questions. Few people in Canada are competent to deal with costing and maximum rate control matters. It is in the field of freight rates that the battle can be lost. I hope the board gets people competent to deal with these matters, that we may feel protected.

I will not talk about the public interest, the general public vis-à-vis the shipper. That has been adequately covered in previous discussions. This matter concerns quite a few people. We shall see what will happen.

Finally, the government will be responsible for the selection of the personnel of this board. I need not warn the minister—rightly or wrongly, I hate to lay the blame on an individual—but the attitude of the Canadian public toward the Board of Transport Commissioners is not good. We feel, whether by its rules and regulations, the precedents it follows and so on, it has always accepted the railway position. In selecting this new board dealing with railways, air, water, buses, trucks, and pipe lines the government will be on the spot to produce the type of commissioner, at the top, in whom the people of Canada can have confidence. We hope that in the next few years a staff will be collected around this individual capable of coping as an equal with the giants of the transportation industry. This is an old, old sore on the social hide of the Canadian people.

• (12:10 p.m.)

Here is an opportunity for the minister and his colleagues to realize that they have had a good run for their money in the house with regard to this bill. We have fought the hon. gentleman where we thought we should fight; we have been constructive where we thought we should be constructive. We have tried to help the minister. Now will he help us and the Canadian people by giving us a board which will address itself effectively and with sincerity to the task before it, and act as a

reliable referee between the general public and the transportation companies?

We can only hope that if we get such a board the railways will be able to function efficiently, the air lines will be able to give full service to the public, and all the other forms of transportation will be able to operate in an effective way for the betterment of this country. Certainly the principle of integrating all transport service is a new one for us in Canada. It seems logical, and in the light of the arguments which have been advanced we have agreed to delegate this power to a commission. Now we have done so it is up to the government to produce the type of board having the competence needed to make this bill a lasting success.

Mr. Norman Fawcett (Nickel Belt): During the time this bill was before the committee of the whole house I personally did not become too involved in it. I think hon. members will agree that I did not take up the time of the committee for very long. However, at this point I should like to make a few comments on the measure.

I should like to say at the outset, as far as the general concept of the bill is concerned, that the members of my party, together, I think, with hon. members in other parties, are agreed that the time for setting up a commission which would have jurisdiction over all modes of transport was long overdue. In my opinion this is the most important factor in a good gransport policy for a country such as ours. But the minister will have to watch these matters very carefully in order to make sure the commission is applying itself properly to its primary purpose, the co-ordination of all the different modes of transport in such a manner that they will work in conjunction with one another rather than against one another as happens now, in so many cases, to the disadvantage of the general public.

I was a member of the standing committee on transport and communications, and I will say at once that I commend the chairman of that committee for the excellent work he did. I do not think it would be right if I neglected to say, too, that the minister himself has been very helpful all along. At times he seemed to bend over backward in order to get along not only with the standing committee but the committee of the whole house. I might also say a word of commendation to my hon. friend from Springfield who carried the ball for our party on this issue, for the contribution he made to our discussions. All hon. members will agree, I believe, that he is to be commended on the way he carried out this task, and that while doing so he offered a number of very worth-while suggestions.

It is not my intention to discuss the bill at great length. During the committee stage I indicated that in my view there was a deficiency in the legislation. I still believe this deficiency exists. It has to do with the consequences of the abandonment of branch lines. The amendment I moved in committee would have provided some relief for employees adversely affected by rail line abandonment to the extent that they were required to relocate or, in extreme cases, lost their jobs altogether. It was a matter of great regret to me that this amendment failed to secure acceptance.

I have an amendment here—I do not think I need go into it too deeply—which expresses what I have said previously on this subject, and I intend to move it now, seconded by my hon. friend from York South. I have a limited number of copies in English and in French for distribution. It reads as follows:

> That Bill C-231 be not now read a third time, but that it be referred back to the committee of the whole house for reconsideration of clause 42 in relation to the matter of compensation to employees adversely affected by railway abandonment or rationalization.

Mr. Pickersgill: I wonder whether before the motion is put to the house it would be too hazardous for me to raise a point of order. I do not wish to take any unnecessary time in arguing the point of order, because it would appear to me that this amendment is in substance the same as an amendment which was moved in committee of the whole, at which time it was ruled out of order by the chairman on the ground that it was beyond the scope of the bill, inasmuch as the bill does not deal with labour relations or industrial relations.

My position, substantially, is that the judgment made in the committee on this matter was sound. The bill in no way deals with any aspect of the relationship between the employees of any carriers and the carriers themselves. It seeks to lay down broad policies with respect to the relationship between the government and transport companies, between shippers and transport companies, but it does not in any way enter into the field of labour relations. I submit it would be wrong to attempt to direct the committee to do something which the chairman of that committee ruled as being outside the competence of that committee. To do so would, I suggest

—unless Your Honour does not agree with the decision already taken—clearly be asking the committee to do something which was considered beyond the scope of the bill.

• (12:20 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, like the Minister of Transport I shall be brief because we have spent quite some time on procedural matters this week, but it does seem to me that this amendment is within the four corners of the kind of amendments that are in order on third reading. Citation 415 on page 287 of Beauchesne's fourth edition states:

> When a bill comes up for third reading a member may move that it be not now read a third time but that it be referred back to the committee of the whole for the purpose of amending it in any particular.

There are a number of other citations which spell out that point. The minister does not quarrel with that, but he contends that the amendment is beyond the scope of the bill because it deals with something which the bill does not include.

I remind Your Honour of the earlier discussion we had in committee of the whole on this matter. I think the situation was different, but some of the points that were made then apply now. I also remind Your Honour that clause 42 of the bill has a subheading which reads "Abandonment and Rationalization of Lines or Operations." In other words, the subject of abandonment and rationalization is in the bill. I also remind Your Honour that the resolution preceding the bill, as recorded at page 7743 of *Hansard* for August 29, 1966, listed many things that the bill would do and concluded with this phrase:

> —and to provide further for other matters consequential upon or related or incidental to any of the foregoing.

I submit that if abandonment and rationalization of railway lines is one of the subjects of the bill, and if one of the purposes of the bill is to provide for matters consequential upon or related or incidental to any of the matters in the bill, then surely it is appropriate to ask for consideration of the consequences to employees of abandonment or rationalization of railway lines.

When we were in committee of the whole one of the arguments advanced was that the kind of amendment which my colleague moved at that stage might involve the expenditure of money out of the treasury, and thus it was not open to a private member to move it. We are not now at that stage. We are at third reading, where it is possible to move that the bill be referred back for consideration of a matter, it being recognized that such a motion, even if it passes, is not compulsory and therefore does not run up against the problem of finance so far as a private member is concerned.

As I say, Mr. Speaker, there are many precedents for this and there is much that could be said, but I do not think we want to go into it at length today. My notes, which I have looked at quickly in order to refresh my memory, tell me that on the Canada Pension Plan legislation we were allowed to refer it back on such matters as the amount of the old age pension and the age at which it would be paid. Likewise we were allowed to refer the medicare bill back to the committee of the whole for reconsideration of the effective date and one or two other matters.

It seems to me, Mr. Speaker, that the kind of amendment now proposed by my colleague is similar to those amendments and that Your Honour should, and I trust will, find it to be in order.

Hon. John N. Turner (Member of the Administration): Mr. Speaker, I wish to address myself briefly to the point of order. I would point out that in citation 415 in Beauchesne's fourth edition there is also subparagraph (4) which reads as follows:

> On the third reading of a bill, an amendment to refer back to the committee of the whole must not tend to change the principle approved on the second reading.

When one relates this citation and its principle to the argument adduced by the Minister of Transport, it is our submission that the amendment goes beyond the principle of the bill which has to do with rates, tariffs, and regulation. The amendment deals with a subject which is foreign to the substance of the bill in that it refers to the relationship between the railways as employers and the employees, a matter involving negotiation, conciliation and other matters falling within the ambit of a labour bill.

I do not argue for a moment that the substance of what the amendment proposes is not important and will some day, and some day soon, have to be brought before this house, but what I do adduce by way of submission to Your Honour is that it is foreign to the principle of this bill and therefore inadmissible under citation 415(4) of Beauchesne, and is irrelevant because it does not deal with the main purport of the bill.

I might also recall to Your Honour's attention that a similar attempt to make such an amendment in committee, to which the Minister of Transport referred, was ruled out of order by the chairman of the committee and, if my memory serves me right, that decision was upheld by the Chair.

Mr. Speaker: Perhaps I might be allowed at this point to read the motion of the hon. member. Would the hon. member indicate who is the seconder of the motion?

Mr. Knowles: The hon. member for York South (Mr. Lewis).

Mr. Speaker: The hon. member for Nickel Belt (Mr. Fawcett), seconded by the hon. member for York South (Mr. Lewis) moves:

That Bill C-231 be not now read a third time, but that it be referred back to the committee of the whole house for reconsideration of clause 42 in relation to the matter of compensation to employees adversely affected by railway abandonment or rationalization.

The Minister of Transport has taken exception to this amendment on a point of order which has been supported by the Minister without Portfolio. The hon. member for Winnipeg North Centre bases his argument in support of the validity of the motion on citation 415 (1) of Beauchesne's fourth edition, which states:

When a bill comes up for third reading a member may move that it be not now read a third time but that it be referred back to the committee of the whole for the purpose of amending it in any particular.

The hon. member for Winnipeg North Centre claims that the use of these words "in any particular" supports his contention that this amendment should be accepted. I cannot agree with him in spite of the fact that Beauchesne reads as has been indicated by the hon. member. Obviously there must be limitations on the type of amendments that can be moved on third reading. For example, the proposed amendment must be relevant to the bill which it seeks to amend; it should not seek to give a mandatory instruction to the committee, and it should not contradict the principle of the bill adopted on second reading. I point out these last two as examples of what these amendments should not do.

The hon. member for Winnipeg North Centre has restated the argument which had been made in committee to the effect that the subject matter which the hon. member for Nickel Belt would want the committee to reconsider is within the scope of the bill. I remind him that there has already been a judgment of the Chair in committee to the effect that this proposal is outside the scope of the bill. The hon. member is now trying to do indirectly what could not be done in committee in view of the decision of the Chair.

A decision was reached that this proposition is outside the scope of the bill, and for this reason I cannot see how the house can direct the committee to consider an aspect of the matter which has already been ruled out of order by way of decision of the chairman of committees. For this reason I regret very much that I must rule the amendment out of order.

• (12:30 p.m.)

Mr. David Lewis (York South): Mr. Speaker, I should like to make a very brief comment on third reading of the bill which is before us. I appreciate, of course, that the amendment is not before the house, but I do wish to indicate that there are in this bill some very serious omissions.

As I understand the bill it is the hope of the government, and certainly the hope of the railways, that when it becomes law the railways will have more revenue. The question is, where is that addition to their revenue to come from? A great deal has been made of the suggestion during this debate, particularly by the minister—and I also have seen statements by officers of the railways to the same effect—that the railways will obtain more revenue as a result of increased competition between various modes of transport. I have very grave doubt as to whether that will result in any very large increase in railway income. I have very grave doubt whether there are sufficient areas where there will be genuine competition between the modes of transport and where the railways really will be able to benefit from the alleged increase in competition.

Time, of course, will prove whether one is right, but as I see the bill as a whole its real object is to provide the railways with added revenues by virtue of (a) abandonment of lines, (b) rationalization of lines and operations and, (c) payments from the treasury, some on a temporary basis and some on a permanent basis to recompense the railways for any losses they may have as a result of rationalization or as a result of other things which the bill covers. I submit that a realistic view of this bill will show not that the railways will receive more money as a result of the alleged increase in competition, but that they no doubt will make a killing out of the

three areas I have suggested—abandonment, rationalization and the federal treasury.

I do not at all agree that it is a good thing for Canada to have a transportation policy which reduces the extent of regulation of the rates, tariffs and operations of the carriers. I do not at all agree that it is possible in a modern economy and in a modern society to permit transportation operations to be carried on more by the laws of the jungle rather than less. This, however, is what the minister wants to do, and in doing it he takes the greatest possible care, in every part of the bill, to make certain that as a result of his law the carriers will not suffer. In situations where they suffer losses as a result of carrying grain or other products because public policy demands it, or in situations where they refrain from abandonment because the commission might think it is not in the public interest, the federal treasury may be dipped into. I do not say it will be in all cases. This is a matter of argument. It will be a matter of judgment and discretion; but in every case where the result of the bill may be a loss to the railways, the minister has provided compensation for them.

The bill, however, contains not a word about compensation for the workers who may be adversely affected by rationalization or abandonment. It contains not a word about compensation to the communities which may be literally obliterated by the railways as a result of rationalization or abandonment of lines. It provides not a word about compensation for the shippers, and particularly the farmers who undoubtedly will suffer a very considerable loss in many cases as a result either of abandonment or rationalization. It seems to me that this is as one sided a piece of legislation as could be conceived in the ambit of transportation. It is almost deserving of the term class legislation. At every stage of the bill and on two separate occasions the minister sought to make sure that the companies will not only be compensated in some areas which possibly could be understood, but also, if it could be shown that they have suffered losses through the statutory rates as a result of the application of public policy, inquiries will be held.

While the amendment which the minister finally did get accepted by the Chair and by the committee of the whole house did not give the minister precise permission to establish an inquiry and did not give the railways the precise opportunity to request such an inquiry, nevertheless it did adopt, as the minister said, a suggestion of mine that the commission already had that power under clause 15. Obviously it is the intention of the minister to have an inquiry into the Crowsnest pass rates to find out whether the railways are suffering losses as a result of them and to have a recommendation from the commission which would cause the governor in council to consider compensation. That is what the amendment which is now in the bill clearly implies, even though it implies it in a roundabout way by saying that the compensation will not be paid if the railways have increased certain rates. This exception underlines the intent that where the exception does not exist they will be paid compensation. So at every stage in the bill they have made provision for this.

The minister was accused by some hon. members of having made an agreement with the Canadian Pacific Railway that these things would be in the bill. The minister denied this and, of course, I accept his word without hesitation or reservation. But, none the less, I have no doubt that the minister has bought lock, stock and barrel the argument of the Canadian Pacific Railway with regard to the right policies. I accept his word that he has not made any agreement with them, but he has accepted their philosophy; he has accepted their theory of the right kind of transportation policy.

Mr. Pickersgill: Perhaps the hon. gentleman would allow me to say that I did accept the views of a most distinguished Canadian who recently died—one of the most respected residents of western Canada—and his fellow commissioners. I refer to Mr. M. A. MacPherson. I do not think Mr. M. A. MacPherson had his ideas injected into him by the Canadian Pacific Railway Company any more than I have had.

Mr. Lewis: Mr. Speaker, the late Mr. M. A. MacPherson was not a member of parliament and obviously is unable to say whether he should take responsibility for the minister's bill. I respectfully suggest to the minister that he cannot escape his responsibility by what he has just said. I repeat that by the terms of his bill it is obvious that the minister has accepted the philosophy of the C.P.R. concerning what the transportation policy should be.

• (12:40 p.m.)

Over the years when I have served on conciliation boards and in arbitration proceedings I have heard spokesmen for the C.P.R. state all the philosophies embodied in

this bill. They have said "We have always been under strict regulation to which the bus, ship and air line companies are not subject. Give us more competition with them and we will do something for you." They always say "We lose hundreds of millions of dollars over the years because of the uneconomic passenger service we must provide under public policy. Do something about that; let us rationalize and abandon branch lines and we will then be healthy."

This has been what officials of the poor, poverty stricken, penniless C.P.R. have told us. They have always claimed that the C.P.R. loses hundreds of millions of dollars as a result of the Crowsnest pass rates, and have always said to us serving on various boards that this is why they cannot pay their workers decent wages. They have said they would be glad to do so because they are as interested in their welfare as we are. They say "We weep for the fact that the railway workers have lost their position in the labour force in Canada", and they say they are as deeply concerned and weep as copiously about this as anyone else.

Having said all that, the officials then ask us to give them back the hundreds of millions of dollars they have lost because of the Crowsnest pass rates and because of the uneconomical passenger service and they will do justice to their employees. I have heard these officials say this since 1952 when I first had something to do with these conciliation boards.

The minister has embodied provisions in this bill in respect of every one of their claims, without exception. He has made certain that when this poverty stricken C.P.R. suffers a loss as a result of public policy, or can show such a loss by using the kind of cost accounting it indulges in, the people of Canada will compensate it from the federal treasury. I have never been able to accept that position, and I have said in reports to which I have been a party, and in some which I wrote and signed in person, that I could not accept the proposition that the C.P.R. is separate as to its rail operations from the rest of its activities.

As a citizen of Canada and as a member of this parliament I cannot accept the idea that there is something sacred in respect of the total empire of the C.P.R. with which rail operations must not be associated. As has been said time and time again, the C.P.R. came into existence historically as a result of tremendous financial and land grants from the people of Canada. Those grants enabled the C.P.R. to become established, and it was the revenues from rail operations and those grants that enabled the C.P.R. to acquire an air line, a huge mining and smelting company, oil operations and a tremendous amount of industrial and financial activity which now makes the C.P.R. one of the largest and richest corporations in this country.

An hon. Member: What a shame.

Mr. Lewis: I think it is a shame to exploit the Canadian people for that purpose. I am only concerned at this point, however, with the false proposition that it is fair, reasonable and just to compensate the C.P.R. for its losses in rail operations without taking into account any of its profits from the rest of its operations because that is taboo. When one deals with labour relations and employees of the C.P.R. he is limited to a consideration of the revenues and costs relating only to its rail operations. One must not look at the economy of the company as a whole but must only look at its rail operations.

Mr. Douglas: That also applies to the setting of rates.

Mr. Lewis: Yes; as my leader says, when the C.P.R. asks the Board of Transport Commissioners to increase its rates that board is limited to a consideration of their cost accounting and their figures in relation to rail operations, and must not consider or take into account other revenue. I don't agree with this.

At one point during the debate in committee of the whole house—and he will correct me if I am wrong or misrepresenting him—the minister said the government had made a definite decision not to include in this bill anything in respect of the labour relations of the railway companies. I am sure I remember that correctly. The minister admits that he made a definite decision to compensate the railway companies for their losses but to do nothing about the losses which the employees of the railways companies will suffer as a result of the implementation of this bill, and nothing about the losses to the communities and farmers which will result from its implementation.

I hope for the sake of Canada that the minister will be proved right in his feeling that there will be added competition which will benefit the society and economy of Canada, and that I am wrong in my conviction, on the basis of my understanding of

Canada's transportation system, that this attempt to reintroduce the law of the jungle in the transportation world, to reduce the amount of regulation and to encourage the railways to dip further into the treasury, will not serve the transportation economy of this country well.

It is my feeling that all this will present us in years to come with precisely the same claims, complaints, difficulties and injustices that this parliament has heard about transportation policy for many decades. It is my view that there have been serious oversights in the minister's consideration of this problem. Perhaps when I say "oversights" I am being too kind. The minister has drafted a bill on principles which are outdated. He has been far too lenient and soft so far as the railway companies in Canada are concerned, particularly the C.P.R. On the other hand, the minister has been far too cavalier about the real problems facing the communities, the workers of the railway companies, and the farmers in Canada who will be adversely affected by the provisions of this bill.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I do not propose to speak at any length, but I do want to say a few words at this stage. We have been considering this bill of great magnitude, and we all know about the years of work and effort of royal commissions, committee members, various ministers and government officials which was undertaken to produce this bill. It is one of the most important and copious bills ever to be dealt with or considered by this house, but I do not believe for one moment that it will cure all the ills of the transportation systems in Canada.

Problems in relation to transportation are going to stay with us for the next hundred years, just as they have been with us for the past hundred years. People will continue to refer to one place in this house as the railway committee room, or perhaps that name will be changed to the transportation committee room. That is a clear indication of the tremendous interest of the parliament and people of Canada in this subject.

• (12:50 p.m.)

This is an attempt to solve some of the problems, but I expect that year after year problems of transportation will be raised in this chamber. I expect there will be amendments to this bill year after year, that there will be further committee study and that people will be wrestling with this problem, no matter how young they may be or how many new ideas they may have with regard to how things should be run in Canada. This is a problem that has confronted us for a hundred years, and it will continue. Whether the minister and the government have made an advance on the present situation only time will tell. I am not convinced that the solution presented to us in the bill is necessarily the best one. It will now have to be given a trial, because the house has reached the point where it is approving the bill.

I do not like the idea of the large commission and the czar who will preside over it. I do not know who that will be, but I just do not like the general idea. I think ministerial responsibility has been decreased by this creation; parliamentary control has been diminished. It has been bad enough in the past asking questions of the Minister of Transport, who says "Well, I will convey your question to the management of the C.N.R. and see what sort of answer I get." We will now be even further removed from control over transportation. So I am not very impressed and am not too hopeful that anything spectacular has been achieved. I recognize that freight rates will rise. I think it is safe to predict that the people in the Atlantic provinces and the western provinces of Canada will be paying more for transportation services. I think there is an element of inflation involved here.

As a resident of western Canada I cannot really rejoice in what has been done. I think there will be a continuation in the future of subsidization by the government. That is the history of transportation in this country. I doubt very much that the subsidization factor has been removed. It is faint praise that I have for the bill. It is faint praise that I have for the government for the way it organized the business of the house in regard to this bill. The minister was eager and anxious to get it completed last fall. He introduced it at the time of the special session when we were called back here to discuss an entirely different matter. He urged us repeatedy in the day and a half just before Christmas to pass the bill and get it out of the way. Of course all that was just nonsense.

The only sympathy I have for the Minister of Transport is in respect of the excessive ill usage to which he was subjected by his colleagues in the government in compelling him to wait all last fall before bringing this important measure before us. He had to give way to the Minister of National Health and Welfare who had a bill that will not become

effective until 1968. That is the only sympathy I have for the minister. I thought it was ridiculous of him just before Christmas—I have referred to *Hansard* to see what he said at that time—to suggest to us that by sitting all night or another day before Chrismas we might pass the bill and then we might get certain advantages. He is gradually learning by experience. I think he has learned the lesson that a bill of this magnitude requires careful study by the house. That careful study has been given.

One thing in which the opposition may take some pride is the fact that we prevented the minister and the government from instituting an investigation of the Crowsnest pass rates and leaving the impression abroad that there is something wrong with those rates. The two methods which the minister devised were rejected by this house, one the mandatory instruction to the commission to investigate the rates and the other the indirect permission to the railways to make application to the commission, when it would become mandatory for the commission to investigate them. That was thrown out by the combined efforts of the opposition in this chamber.

I do not doubt for one minute that the government may institute an inquiry into those rates if they are foolish enough to do it. But it has to be by way of governmental responsibility, and that is just where I want the responsibility placed. Let the Liberal government institute that inquiry, and the people of western Canada will know what answer to give them. The opposition performed a valuable service to western Canada by the action it took.

No bill in my experience has pursued a more tortuous route than this one. It was introduced and then withdrawn. It was reintroduced in September and referred to a committee. It was amended 60 or 70 times in that committee. I have the greatest sympathy for the legal draftsmen who prepare bills for this house. I understand something of the nature of that difficult work. They must have been driven frantic by the instructions received from this minister. A bill that has to be amended to that extent at the committee stage must have been very badly conceived in the beginning.

Not content with that amendment in the committee, we had amendment after amendment in committee of the whole house. No bill has suffered more amendment in the course of its progress through the house than this one. No bill has had more words expressed about it by the minister piloting it through the house than this one. If there is a page in *Hansard* dealing with this bill on which the minister did not make himself heard, it is an exception. This will stand as a record for all time, and I hope as a guide to other ministers to take a different course of action. But this minister is verbose, has to be very active and likes to wear himself out in the process. Of course we assisted him in so doing.

He may now rest on his laurels, but I do not want him to be carried away and think he has accomplished something that is simply wonderful, because I think it is a very bad example of how to put legislation through the House of Commons and I hope nobody else will imitate it.

Mr. Bell (Carleton): Mr. Speaker, would the hon. member permit a question?

Mr. Churchill: Yes.

Mr. Bell (Carleton): Does the hon. member not think we will be lonely for the minister when he goes to the other place?

Mr. Churchill: Some people will be lonely for him; but he rather accepted my idea this morning to make a point of taking me with him.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The hon. gentleman is making that proposition more seductive every second.

Mr. Churchill: I should like to be with the minister if he continues in parliamentary life. This bill will be referred to the other chamber, and I expect they will suggest amendments that will have to be introduced. So the bill will be coming back here in order that we may incorporate the amendments that will be proposed by the other chamber. This is the nature of the bill. In any case, I think the minister has a number of left-over amendments that he did not have time to propose in committee of the whole house. He will now transfer them to his colleagues in the other chamber and they will come back by that indirect route. Yesterday afternoon the minister was searching for a particular amendment that he was going to put forward. He seemed to have a whole sheaf of amendments that had not been dealt with. So I think we will see the bill back in this chamber.

I should like to make one correction. When I spoke earlier on the bill and was talking about the Crowsnest pass rates I stated that I

thought after the period 1919 to 1922, when those rates were suspended for a time, they were reintroduced by action of the Senate. This may have been an erroneous recollection of an article which I read in the Winnipeg *Free Press*. I cannot imagine the Winnipeg *Free Press* being wrong, so it must be my faulty recollection of the occurrence. If somebody in the other chamber when dealing with this bill will give the history of the Crowsnest rates, then if I have made a mistake it will be corrected and 20 years from now when these rates are discussed again everybody will be on the right track.

• (1:00 p.m.)

I simply want to conclude by saying that the activities of the House of Commons in this chamber and in the committee which considered this bill are a clear indication of the way in which this house operates, and I do not think that any fault can be found with parliament with respect to this bill. There are those who argue that everything should be done in two or three days, but when we are dealing with a bill of this nature and size, one which will affect virtually everyone in Canada and deals with the transportation system, which is vital to our existence, we are fully justified in taking the time that we have on this bill, with the sole exception of some of the repetitious remarks made by the minister.

Yesterday the hon. member for Acadia (Mr. Horner) had some strong words to say with regard to the news media of this country. I think those remarks were justified and I say this for the following reason. About two and a half years ago the members of the press gallery conducted an informal poll and asked their members to answer the following question: "Which member of the House of Commons could be most easily spared?" I was the winner of that poll although I thought it would have been won by the hon. member for Lapointe (Mr. Grégoire). However, I won it easily. Last fall it appeared to me that the hon. member for Edmonton-Strathcona (Mr. Nugent) was creeping up to take over my position, and yesterday when I heard the hon. member for Acadia I was a little alarmed because I thought that here was another member trying to squeeze me out of my position. In this period when the leadership in many fields is in question I want to make sure that my leadership in that particular poll is sustained. Therefore I agree with what the hon. member for Acadia said for the benefit of my friends in the press gallery and I think they might very well read his words.

[Mr. Churchill.]

I would not use some of the expressions that he used but he was trying to draw to their attention and that of other people in this country that parliament as an institution performs a function which is essential to Canada, and although it may seem to the outside observer that the work we do is rather slow and ponderous the fact is that it is essential and that it is carried out with the freedom of speech which is so desirable. I am prepared to grant that now and again some time is wasted. But the essential work of the country is being done here through the means of the freedom of speech which prevails in this chamber. Nothing can be concealed that we can stir up and discover. Statements that are distorted can be corrected. Unfortunately this is not the situation with regard to some other things in our society. We have been performing here faithful, honest and hard work, and although this session has lasted now for 195 days I challenge anyone to say and be believed that we have been spending our time wrangling and indulging in ineffective debate. The minister and I can exchange a few humorous remarks without becoming bad friends. He has my respect.

I do not like all the things that the minister does, but we have been doing honest and hard work which should be recognized in this country. As the hon. member for Acadia said yesterday, the news media failed to give their attention to what has been going on in this chamber during the last two weeks with regard to a major change in the method of dealing with transportation, a change which will vitally affect everyone in this country. So far as the news media are concerned, we have seen and heard nothing but skimpy reports of this debate.

With those remarks I uphold parliament as an institution and I strive to maintain my position in the informal Gallup poll that may be taken in the future in the press gallery.

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to thank the hon. Minister of Transport (Mr. Pickersgill) for having complied so graciously with the request we made yesterday and for having tabled today the correspondence exchanged between the Quebec government and the federal government on transport problems, and more specifically the implications of Bill No. C-231.

On consulting the various letters exchanged, we note that certain passages are most revealing. For instance, in the first letter sent to all the premiers, dated August 4, 1966,

the right hon. Prime Minister of Canada (Mr. Pearson) said, as shown on page 2 of his letter:

—it would be desirable for discussions to be held between officials of the federal and provincial governments in an exploratory fashion.

In the previous paragraphs of his letter, the Prime Minister referred to highway safety problems, and to the possibility of standardizing highway and interprovincial regulations.

• (1.10 p.m.)

May I point out, Mr. Speaker, that the date on this letter which the right hon. Prime Minister (Mr. Pearson) drafted and sent to the provincial premiers was August 4, 1966. In his letter, he of course expresses the hope that federal and provincial government officials hold discussions with respect to these problems. Now, when we look at the time the federal government chose to introduce its resolution in this regard, we find that it was during the month of August, and the bill itself was introduced on August 29. What immediately comes to mind is the fact that, while the right hon. Prime Minister proposes that discussions be held with respect to the problems arising from any piece of legislation, at the same time, without waiting for these discussions to be held, he puts a resolution before the house, and introduces the bill itself on August 29.

An answer from the Quebec premier, Hon. Daniel Johnson, dated October 13, raises important considerations and I quote:

I shall not try to hide from you that, whatever may be the promises of future consultation, the government of Quebec looks most unfavourably upon the fact that the federal government wishes to acquire the right to exempt an undertaking from the jurisdiction of the provincial boards so as to place it under the authority of the future Canadian Transport Commission. Already, in 1954, Quebec had objected to the discretionary powers the federal government reserved itself under section 5 of the Motor Vehicle Transport Act; in our opinion, this was holding back with one hand what one was giving with the other. It seems now that our opinion was well founded. Indeed, the whole arrangement of 1954 is presently being questioned again.

And, Hon. Daniel Johnson, in his letter of October 13, continues with these words:

In fact, I was very surprised by the haste in which this measure concerning motor vehicle transport was submitted to parliament. Your letter dated August 4th, 1966 emphasizes the necessity of holding federal-provincial discussions so as to determine how we can best settle the problems that face us in this field. I wonder how such discussions could possibly be useful now that the federal government has already decided beforehand what would be their conclusions. If your government sincerely favours provincial consultation, it should necessarily proceed to such consultation before making its decisions, not after. The presentation of such a measure as the one provided for in Part III of Bill C-231 might eventually be the result of our discussions but it could certainly never be the preliminaries to them. For this is putting the cart before the horse.

Therefore, the government of Quebec asks you, as a token of good faith, to strike out of Bill C-231 Part III dealing with extra-provincial motor vehicle transport so that the discussions you proposed in your letter of August 4th, 1966, may take place in normal conditions. For, in such a critical field as this, it is only by holding discussions in the best of circumstances that one may hope to reach solutions satisfactory to the legitimate interests of every government and the common good of all citizens.

Mr. Speaker, from the letter of October 13, we see that the Quebec premier rightly accuses the government of the right hon. Prime Minister of Canada of putting the cart before the horse, by inviting on August 4 the provincial representatives to meet the federal officials in order to discuss and set up jointly standards for the field of transport. Then, before the provinces had had time to answer, the federal government, putting the cart before the horse, moved the resolution in the house and the bill, nicely cooked up, completely ready, was introduced on August 29.

We note, in his letter of October 13, the Quebec premier's well-advised comments on this way of going about it. On October 20, 1966, the right hon. Prime Minister replied to the October 13 letter of Hon. Daniel Johnson.

Among other things, he said this:

It was in accordance with this exclusive federal jurisdiction that the federal parliament took action to confer upon provincial agencies the authority to act as agents of the federal government in regard to movements of this sort—

In this paragraph, as well as in the previous paragraphs, Mr. Speaker, the right hon. Prime Minister refers to the federal legislation which had been introducted and passed in 1954 and which left with the provincial agencies, the authority to legislate and to regulate in the field of motor vehicle transport.

And, in another letter that the Quebec premier wrote to the right hon. Prime Minister, on November 15, 1966, the following considerations are removed, and to do that, Hon. Daniel Johnson says this:

—expressed very serious doubts regarding the use of such meetings, if the latter take place, after the federal government's decisions have all been made irreversibly. It would seem, judging by your answer, that such is the case.

Indeed, after reading your letter of October 20 concerning Part III of Bill C-231 regarding the national transport policy, I understand that your government does not intend to comply with the

request I made in my letter dated October 13, 1966, asking you to delete, as a token of good faith, this part of the bill.

Under the circumstances, I do not see to what purpose officials of our two governments could meet to discuss cooperation. Your government seems determined to follow the policy it has established in this field as in others, regardless of the provinces' views. What good could there be in holding repeated meetings that would lead nowhere?

Those, Mr. Speaker, were the views exchanged between the Quebec government and the federal government. I had a hunch, even before I could read that correspondence, that things had been handled here, in Ottawa, in the usual way.

A few years ago the federal government was wont to refer to the friendly and open relations that should exist between the federal and provincial governments, and that procedure was called co-operative federalism.

Well, with regard to several pieces of legislation, the central government took unilateral action so often that the spokesmen of the Liberal government in Ottawa no longer dare use the expression co-operative federalism, either in this house or at official dinners, because they have never put it into practice. No matter how well that expression sounds, its application proved awkward and inefficient, precisely because of the dishonesty of the federal Liberal government.

It is being asked not to deal unilaterally with many administrative problems in Canada, either on the fiscal, political and administrative levels, or with regard to social security.

Neither the central government nor the ten provincial governments should live as bees, each in its own hive. There should be co-operation between intelligent human beings, between men of good faith. It is apparent once again in the case of this bill that the federal government had made all the decisions, that everything was cooked up—the resolution and the bill—at the very moment the letter was being sent, pro forma, to the provinces, seeking their co-operation, consultations with them and close understanding. Everything had been prepared and cooked up and the bills introduced almost at the same time as the prime minister's letter to the provinces was being written.

Well such is the process that increases tensions in Canada, first between Canadians and between the provincial governments and the central government.

• (1.20 p.m.)

It is the wrong way to do it. I call it autocratic federalism. The central government decides by itself unilaterally puts the

[Mr. Allard.]

provinces before a decision it has taken alone and, after it has got its bearings and is firmly in control, only then does it ask for their co-operation. It is ridiculous, it is even insulting for the provinces, because when dealing with them the central government does not consider the provincial governments as sovereign and independent governments in their field, in a spirit of true federalism, but rather acts like a father who looks condescendingly at his little girls, alone, immature, under age, and takes all the decisions alone, just like parents who decide for their children who are still under age or too young to have judgment and intelligence. The father does not consult children of seven or eight, or four or five; he decides everything and then tells the children what he has decided.

That is what the federal government does and unfortunately that attitude has become widespread in the last few years here in Ottawa. It emphasizes tension and misunderstanding between the provinces and the central government, and particularly between the Quebec government and the central government's relations with the rest of Canada.

When I talk about the Quebec government, I am not referring to any political party, I mean the successive Quebec governments. It was the same thing when a Liberal government was in power in Quebec and right now it is the same with the Union Nationale government.

I submit, sir, that there must be an end to these hypocritical, insulting and injurious practices in the relations between the central government and the provincial authorities.

I do not intend to take up the constitutional aspects of the issue again today; these were dealt with at length on September 6, 1966, as may be seen on pages 8074 and following of *Hansard*.

This correspondence does not bring out the constitutional aspect so much as it reveals the attitude of the central government in the matter. We understand, Mr. Speaker, that the Canadian constitution, supported by certain Privy Council rulings, has granted jurisdiction to the central government in the field of interprovincial, extraprovincial and international transport. The constitution itself and rulings such as the one handed down by the Privy Council in the Winert case in 1954, acknowledge this jurisdiction. It is not so much the costitutional aspects as the way of dealing with the matter, in practice, that comes out in the correspondence between the

right hon. Prime Minister and the premier of Quebec.

Now, we know that, in fact, for a hundred years now, the central government has left to the provinces legislation and regulation in the field of motor vehicle transport. Indeed, a federal act passed in 1954 even recognized the practice. This act entitled Motor Vehicle Transport Act confirmed this; sections 3 and 4 sanctioned the agreements whereby the central government left to the provinces legislation and regulation in that field.

Today, through Bill No. C-231, the central government wishes to recover its constitutional authority. That is clear to me. But what a way to go about it, Mr. Speaker. The province of Quebec has legislated, has instituted a system of rules and regulations, and now the federal government wishes to retrieve, with a view of placing them under the Canadian Transport Commission, the modes of transport by air, water, truck and pipeline as well as by motor vehicle.

The central government has a right to have such a philosophy, but its approach to the problem is to be rejected. After letting the provinces, including Quebec, legislate and regulate on the matter for so many years, the federal government, before bringing in such legislation, should have had discussions, and consultations, in the precise spirit of the letter that the right hon. Prime Minister wrote on August 4. Instead of making such meetings possible, of discussing for the very purpose of making this return, this recovery, possible and instead of negotiating certain areas on which the provinces have a right to continue to legislate, such as the issue of licenses, traffic control, in a word, several areas of the trucking field, the central government, by the way it proceeded, had its legislation all concocted at the time they wrote a letter, as a matter of form, to the premiers of the provinces.

Such a procedure is insulting, harmful, and does not contribute anything toward solving the problem uniformly or restoring proper balance in the trucking industry across Canada. Furthermore, the procedure is wrong and protests recently lodged by the Quebec government and the Quebec leader of the opposition are warranted; as a matter of fact, I think they should be repeated here in this house to show the government and the minister that it is not good procedure to put the cart before the horse.

[*English*]

Mr. Pickersgill: May I ask the hon. gentleman a question? Has the hon. gentleman taken into account that the Prime Minister in his correspondence and I in the house have said quite clearly, that the government had no intention whatsoever of transferring the application of this jurisdiction from the provincial agencies acting as agents of the federal government until after the fullest consultation with the provincial governments, that all we are doing here is providing stand-by powers in case certain actions of the courts leave us without any law whatsoever, as we were left without any law whatsoever in 1954? All this was carefully explained.

I wonder whether the hon. gentleman has taken those explanations into account? If he has, does he see any reason for this parliament not exercising its clear and undoubted jurisdiction, which he admitted it had?

• (1:30 p.m.)

[*Translation*]

Mr. Allard: Mr. Speaker, the minister has just made a point that cannot in any way be reconciled with the argument I was developing. Of course, the minister is repeating the same assurances that were given in the correspondence with the premier of the province of Quebec. Well, all the assurances given by this government are such that they are likely to cause concern to the Quebec government.

And how funny it was yesterday, in this house, to hear the Minister of Transport state, with the zest for which he is famous, that no member in this house was more mindful than he of the respect of the letter and spirit of the Canadian constitution. I found that statement extremely amusing, Mr. Speaker. And it is certainly not the kind of statement which the minister made yesterday and seems willing to repeat today which will dissolve all our fears about the letter and the spirit of the Canadian constitution which the minister and the present government are claiming to respect. As a matter of fact, that commitment is not borne out by the facts in this session or particularly during the last two years the present Liberal government has been in office. Mr. Speaker, the minister has assured us during this session that no other hon. member has more respect than he has for the spirit and the letter of the Canadian constitution, but he is a member of a government which has presented to us bills which are absolutely contrary to the spirit and the letter of the Canadian constitution.

I am referring for instance to medicare, to the increase in old age pensions and the rest. In the field of mining, for instance, on the continental shelf, all sorts of tricks and means are being used, though natural resources clearly and explicitly belong to the provinces to take them away from provincial jurisdiction. In fact, the provinces are being hamstrung by dragging the question before a court which is not empowered to rule on constitutional matters in Canada.

They also have, in the course of the present session, through the establishment of a cultural centre, infringed upon the field of culture and education which is under the jurisdiction of the provinces according to the letter and the spirit of the Canadian constitution.

Here is a government and an hon. minister who have co-operated during this very session in scuttling and despoiling the spirit and the letter of the Canadian constitution. When the hon. minister rises, as he did yesterday and today and, with talent and charm I must say—because he is very charming—gives the hon. members in this house and specially the province of Quebec, the assurance that there are no grounds for anxiety, well then, I say that if we consider some legislation which this government has introduced during this and other sessions, for instance on school allowances, on student loans and also that political program of handing out scholarships to students, this is spoliation of the Canadian constitution, both in letter and in spirit. The assurance given by this government cannot dispel our anxiety in the province of Quebec as far as observance of the constitution.

And as to the provisions of the Canadian constitution that must be observed, in the field of transport, it is not so much the constitutional aspect as the method of the present government in putting the cart before the horses that we are discussing. It is the method that needs to be pointed out and criticized, for it is to be blamed for trying to face the provinces with the *fait accompli* while, for diplomatic reasons, they had been invited at the same time to meet the provinces to discuss and arrive at decisions knowing full well that all decisions had been arrived at and that the resolution and the bill had already been drafted and cooked up. This way of doing things, I feel, is unacceptable in the field of a well balanced relationship, in good faith and equality, each in his own area, between the central government and the provincial governments.

I understand quite well the stand taken by the Minister of Transport who says that the federal government has jurisdiction under the constitution and judgments of the Privy Council. This is all very well, but before preparing his bill, he should have discussed the withdrawal and extension of the right to legislate of the provinces in certain fields of highway transport. It is just like in civil law, Mr. Speaker. Let us imagine that the minister, probably to play a trick on me, steals my car and puts it in his yard. I have no right then to go on his property with my friends to retrieve my car, because this would be a trespass under criminal law. In short, the car actually belongs to me, since I have the ownership and registration papers, but I cannot go on his property to retrieve it. What I must do, Mr. Speaker, as you know very well, is to send a summons preceding a seizure under a prior claim. The provisions of civil law are based on the honesty and intelligence of man, of the human being, from his adolescence. The basis of the law is the common sense and the sense of justice of human beings. That is how the federal government should proceed.

If it wants to take over the jurisdiction allotted to it by the constitution with regard to interprovincial, extraprovincial and international transport, I am not against it. I respect the constitutional powers of the central government as much as those of the provinces, but I object to this off-hand and insulting procedure. If it had only met with provincial representatives, especially those of the province of Quebec, in order to discuss and prepare this legislation, we would not be faced today with the situation whereby the Quebec government is asking for the removal of Part III of a bill prepared without consultation and discussion. The Quebec government is asking the minister to defer, to remove Part III from this bill, that is, from clause 28 to clause 36, precisely because in certain fields, the Quebec government has enacted regulations and passed pieces of legislation on which persons of good faith ought to agree.

Before taking over, in what I call an offhand manner, that constitutional authority, the minister should have given a formal notice. The funny part of it is that the Prime Minister gave such a notice in his first letter of August 4 to the provinces, asking them to meet in order to discuss all those problems.

But before sending that notice, he had already prepared his resolution and his bill without giving the provinces an opportunity to discuss the matter.

• (1:40 p.m.)

Thus, this is absolutely superficial and did nothing but emphasize the tensions between the Quebec government and the central government, when it would be so easy during this centennial year to show less arrogance, less inclination to act unilaterally to get the Canadians, the governments closer together and to give Canadian federalism a real sense of balance, understanding and respect for one another, in short to act with more tact and intelligence.

I am not sure of it, because the letters do not mention it, but I think that the members of the Quebec legislature, even some Canadians, are worried also about that administrative monster which is being created through this Canadian Transport Commission which will in fact regulate the whole field of transportation in Canada.

Whether in the fields of air, sea and road transportation, it is giving much power to a transportation commission set up by the federal government because it will regulate means of transport including the trucking industry in Canada and in Quebec whereas the C.N.R. which operates a trucking service comes under the same creating body, the central government. The members of that commission will also be appointed by the central government.

This, Mr. Speaker, leads us to wonder if that national commission, that administrative monster, will be able directly or indirectly to administer with true objectivity the field of transportation in Canada.

It would have been important among other things, for the federal government to discuss those matters before presenting a bill already drafted.

Those are the various points I wanted to submit once again to the minister. I do not know whether I have convinced him. He shakes his head negatively. Obviously, he does not understand easily.

Mr. Speaker, I felt I had to report on these provisions contained in the correspondence between the Quebec government and the federal government, and even if the hon. minister cannot understand, even if he refuses to change his attitude, I think the time will come very soon when circumstances will force him and some of his colleagues to treat the provinces differently, and particularly the province of Quebec.

Of course, I do not know whether the minister often has the opportunity to go to the province of Quebec and to stay there longer than five or six hours, which is the length of time a banquet lasts. However, if we have a summer recess—although we are beginning to despair—I advise him to spend a week in several places in the province of Quebec and to talk with people of different ages belonging to different classes of society. He would then find it much easier—and this goes for several members here—to understand the Quebec point of view and the respect of the spirit and letter of the Canadian constitution, because in fact the constitution is the tie that binds us to the rest of Canada. Past infringements upon the constitution and the constant spoliations which took place during the present session were not calculated to bind Quebec to the rest of the country.

On the contrary, such spoliations can only widen the gap between the province of Quebec and the rest of Canada. That is why I would very much appreciate it if the minister would change his attitude toward my remarks. I understand that we could get together and discuss the main issues; however, there were no such discussions between the federal government and the province of Quebec on matters covered by this bill. I would want him to realize that, in this as in many other fields, the province of Quebec is not trying to put grit in the bearings, on the contrary, it wants to create a new climate and work in a spirit of good will, understanding, comprehension, on a equal footing, each in its own sphere of jurisdiction.

Mr. Speaker, that is why, in closing, I would ask the minister to voluntarily remove Part III of this bill, discard or postpone it until he has met with the Quebec representative.

After such a discussion or dialogue, the whole of Part III could probably be approved, with some minor changes being made through amendments which he would perhaps gladly introduce himself.

If the minister would agree to do so, that is accede to the request of the Quebec government to postpone Part III of the bill, it could perhaps afford the unique occasion, in this Canadian Centennial year, to see finally each side abandon its rigid attitude and, in good faith, in a friendly and brotherly way, enter into an open, honest and fraternal dialogue, precisely to create a climate of good will and

good faith in a field as important as transportation.

[*English*]

The Acting Speaker (Mr. Rinfret): The hon. member for Matapédia-Matane.

Mr. Pennell: Mr. Speaker, perhaps it would be agreeable to the house that we break now until 2.30 and resume the debate at that time.

Mr. Bell (Saint John-Albert): We agree, but I hope that the minister's colleague, the Minister of National Health and Welfare (Mr. MacEachen), who has become quite an expert on parliamentary procedure outside the house, will not misunderstand this luncheon adjournment and say we are weakening and not doing our job, as he said in Halifax about our recess.

Mr. Pickersgill: I am weakening anyway.

The Acting Speaker (Mr. Rinfret): Is it agreed that we suspend our sitting until 2.30?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rinfret): Consequently I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 2.30 p.m.

The Acting Speaker (Mr. Rinfret): Order, please. The hon. Solicitor General.

Mr. Pennell: Mr. Speaker, I understand there has been the usual discussion about dispensing with the private members' hour today. In order that hon. members may govern themselves accordingly, I wonder whether it would meet the wish of the house that I ask for unanimous consent to dispense with the private members' hour?

Some hon. Members: Agreed.

[*Translation*]

Hon. René Tremblay (Matapédia-Matane): Mr. Speaker, it will indeed be an easy task for me to join my congratulations to those which have already been offered to the Minister of Transport (Mr. Pickersgill) regarding the mastery with which he conducted this debate for the passage of Bill No. C-231, which represents one of the most complex and most useful pieces of legislation which parliament has had to study over a long period of time.

These compliments paid to the minister were not accompanied in certain quarters by the praise which he deserved in his case—having conducted the debate in a masterly fashion—especially as he introduced a bill which represents a worthwhile endeavour for the solution of a problem which Canada has been facing for a very long time, that of competition between the various means of transportation.

In this bill, the minister has to take into account certain definite objectives: First of all, to ensure to the Canadian people, as efficiently as possible, the best transport services.

Second, he had to consider financial problems involved specially in the field of railway transportation and, lastly, he had to take into consideration the legitimate interests of each part of the country.

How to reconcile, in the same piece of legislation, objectives that seemed to be clashing between the efficient services to be given to the people and the financial problems that were very real for the Canadian tax payers and, how to maintain the balance between the advantages that would result from the different methods of transportation available in each part of the country.

In order to reach this three-fold objective, the bill that was before us has set up three basic principles: the first is related to co-ordination. In order to reach this aim we had to agree that it was essential that each method of transportation in the country should not be considered in an isolated manner, but, compared with the others that can possibly be used. Hence, creation of a commission whose duty will be to coordinate the various sectors of transportation in the country, based on the three principles I just mentioned

The second method, established in this legislation, concerns competition. To provide for a greater efficiency of services and dispense the public sector from the great financial expenses it always assumed for the means of transportation, it was essential, within certain statutory frameworks to maintain competition between the various methods of transportation.

Third, a method of financial stability had to be established for each means of transportation.

• (2:40 p.m.)

Hence, three general goals, and this gave us Bill No. C-231 which, as has been said, is not a perfect bill, for it does not meet perfectly

any of the three objectives I mentioned, but which as in many other fields in the country, constitutes the most realistic compromise which could be established in the circumstances, taking into consideration the three objectives I mentioned, the best public service for the taxpayers who do not pay indefinitely unlimited expenses, and finally for the areas which, economically differ from one another, but could maintain themselves in a certain balance by compensatory transport rates.

We then have before us a bill which, in my opinion, will provide a great improvement in the means of transportation compared to what we have had until now. I think that the hon. minister is to be commended for the ability he has shown in piloting this bill. We should also congratulate him for the type of legislation he introduced in this house and, especially, for the new methods that will now be used in the field of transport.

But, Mr. Speaker, if I rise up now to take part in the debate on third reading, it is not to come back to the substance of this bill since many speeches have been made in committee and in this house; the members and public opinion are well informed about this transportation bill.

I would like especially to deal with a very important point raised several times during the debate and which was again brought to light by the publication this morning of the correspondence between the federal government and the Quebec government, concerning the responsibilities of each government concerning motor vehicle transportation. The hon. member for Sherbrooke (Mr. Allard) took part personally in the debate expressing his views on this problem of "federal and provincial jurisdictions".

My remarks will bear on two main points. The first, namely, the constitutionality of the government action in introducing this bill, and Part III which deals with interprovincial motor vehicle transportation. The second, the procedure followed by the government with regard to this bill.

Both the Quebec premier and the member for Sherbrooke have expressed doubts about the constitutionality of Bill C-231 in respect of interprovincial transport, and about the procedure followed by the right hon. Prime Minister (Mr. Pearson) and the hon. Minister of Transport in presenting the bill to the house and about the discussions proposed to the Quebec government.

First, the problem of the constitutionality of Bill No. C-231. The right hon. Prime Minister, in his second letter to the premier of the province of Quebec, namely that of October 20, 1966, which was tabled today in this house, reminds the latter of the position taken by the government as regards the constitutional problem. In the second paragraph he says:

> The provisions which are contained in Part III of the bill and which would make it possible for a federal government agency to engage in regulatory activity in the field of interprovincial commercial road transport, are fully in accordance with the exclusive constitutional jurisdiction of the parliament of Canada. This has been established by court decision beyond all doubt, when it was ruled that a commercial motor carrier movement between provinces constituted an undertaking "connecting the province—

These words are quoted since they are taken from the 1954 judgment of the Privy Council.

> —"connecting the province with another and extending beyond the limits of the province and therefore comes within the provisions of section 92(10)(a) and is solely within the jurisdiction of the Dominion".

Further on the Prime Minister pointed out that if agreements had been signed between the federal government and the provinces, so that they could establish regulations within their own territory as to motor vehicles coming under their "jurisdiction", those provinces had done so only under powers delegated by the central government to the provinces, but this could never have meant relinquishing under the constitution itself the rights belonging to the federal government as regards the control of highway transport between provinces or between this country and other countries.

What was pointed out in the first letter addressed by the Prime Minister of Canada to the premiers of the provinces, on August 4, 1966, was the advisability of discussions, not in order to establish the federal government's constitutional rights to legislate in the matter, since those rights were already very clearly established in the constitution and had been reaffirmed by a judgment of the Privy Council, but so as to allow, at the official level, a discussion on the application of federal regulations that might arise out of the legislation contemplated at that time.

Therefore, Mr. Speaker, the federal government did not want to discuss with the provincial premiers its constitutional right to introduce a bill before the house to regulate motor vehicles crossing provincial boundaries, but to establish a working agreement at the departmental level, for the efficient enforcement of federal and provincial regulations in

the respective field of jurisdiction of each authority, as referred to by the Prime Minister in his letter, dated August 4. The object of the letter was to provide harmonious application of regulations which would be determined by the federal government on the one hand, and by provincial authorities on the other.

It therefore was not a question of holding discussions with provincial authorities, as the premier of the province of Quebec seemed to imply. Provincial authorities were not going to be asked to grant the federal government permission to insert Part III in its bill, which clearly establishes or reasserts rather, the constitutional rights of the federal government with respect to interprovincial highway transportation. It is unfortunate that the letter dated November 15, 1966, sent by the premier of Quebec to the Prime Minister of Canada reveals the Quebec government leader's complete ignorance of the problem referred to in the Canadian government leader's previous two letters. On November 15, 1966, the premier of the province of Quebec wrote the right hon. Prime Minister of Canada, and I quote:

• (2:50 p.m.)

Under the circumstances, I do not see to what purpose officials of our two governments could meet to discuss co-operation. Your government seems determined to follow the policy it has established in this field as in others, regardless of the provinces' views. What good could there be in holding repeated meetings that would lead nowhere?

This letter dated November 15, 1966, written by the Quebec premier, lays down conditions which, in my opinion, no decent Canadian government can possibly accept; neither are they acceptable to the House of Commons, which is made up of representatives from all parts of the country, appointed to legislate in fields which under the constitution come within federal jurisdiction.

At no time, Mr. Speaker, did we in the Liberal party show any reluctance, and I was happy, then, to be associated with that party as a member of the government. At no time would we have refused any province whatsoever the right to exercise its rights in the fields which the constitution placed under its jurisdiction.

The same is true with regard to joint programs, where we made our biggest effort towards decentralization. Why? We did that because we recognized that the province had a very clear jurisdiction over those matters. We had initiated legislation, we had administered those fields for several years. If a province made known its desire to exercise its own jurisdiction over that field from then on, we were quite pleased to agree to withdraw from such field and to grant fiscal compensation in exchange.

But to those who could understand, at the time, that the recognition in fact of the Canadian constitution, in fields under provincial jurisdiction, of that basic position, did that mean that, in all fields where we had until then exercised our jurisdiction, under our constitutional rights, if a premier of a province—be it the province of Quebec —wrote to tell us to withdraw, that we would do just that?

Mr. Speaker, the Liberal party, which has been for co-operation in the federal field, is the same Liberal party that will not agree to relinquish the rights conferred upon it by the constitution, at a time where a provincial premier, in a letter, expresses doubts about the constitution.

Some hon. Members: Hear, hear.

Mr. Tremblay: The Privy Council performed the function of a constitutional court for a long time; handing over its responsibility to the Supreme Court provoked a great deal of comments. I know that many people have suggested the creation of a constitutional board so that an independent body, at the level of the provincial and federal governments, would rule on the constitutionality of bills. It is an open question and anybody is entitled to his own opinion.

But, Mr. Speaker, until this new constitutional board is created, it is essential that, at both federal and provincial levels, the authority of the highest constitutional court in the land, that is the Supreme Court, be respected. If any doubts arise in the minds of provincial officials concerning the constitutional right of the federal government to legislate in any field, the only acceptable procedure to follow is to refer the matter to the Supreme Court of Canada.

But until a judgment is rendered, any provincial government can introduce any bill which in its opinion, relates to its constitutional rights, just as, on the other hand, the federal parliament, on the government's initiative, can draw up or prepare any bill which, in its opinion, comes within its rights under the constitution. And the only impartial judge is the present or future board; but it cannot be any political authority, either federal or provincial.

Mr. Speaker undoubtedly the federal government, in this instance, both under the constitution and by virtue of a judgment by the Privy Council, had the authority to legislate on part III of Bill No. C-231. Undoubtedly, problems will be raised following the enforcement of that part and the right hon. Prime Minister and the Minister of Transport recognized that fact by stating positively that that part would not be enforced as long as discussions had not been held with the provinces.

But, it would not have been proper for this government at any time to have discussions with one province in particular to see whether it could go ahead and introduce in this house a bill whose subject matter, undoubtedly in my opinion, comes within its jurisdiction.

Mr. Chairman, it is because this position is quite clear constitutionally, and because of very serious problems of administration and implementation of that policy, that the right hon. Prime Minister on August 4, wrote to the provincial premiers. I come now to the second part, which was questioned by the hon. member for Sherbrooke namely the procedure followed.

The Quebec premier, as the hon. member for Sherbrooke, seemed to indicate in their statements that the right hon. Prime Minister had acted improperly or with a lack of consideration for the Quebec premier in that respect.

In the light of the statement I have just made, it seems quite obvious, now, that the procedure followed was the normal procedure.

In a letter dated October 4, addressed to all the Canadian provincial premiers, the right hon. Prime Minister said that it would be desirable for discussions to be held at the official level with regard to the implementation of certain parts of a transport bill dealing with problems of interprovincial highway traffic. Therefore, it is not the beginning of a constitutional discussion but simply preliminary negotiations which seem essential to the implementation of Bill No. C-231.

We do not know the answers from the other provincial premiers, but the position of the Quebec premier is, from the start, a stand on principle. After reading those letters it seems that the Quebec premier questioned again the constitutional problem itself, or even the propriety for the federal government to legislate and enforce regulations in the field of road transport moving between the provinces, especially with regard to traffic safety.

The sentence I read in the letter dated November 15, 1966, addressed to the Prime Minister of Canada by the premier of Quebec seems very clear in that regard. It seems that the Quebec premier, not having prevented the government from introducing its legislation, including part III, on interprovincial transportation, says: Now that no co-operation is possible, that a meeting of our officials would be useless and that you will proceed unilaterally.

• (3:00 p.m.)

Well, I think this stand taken by the Quebec premier is, in my opinion, unsound on the constitutional level and deplorable from the standpoint of federal-provincial relations. In fact, the present government, after having worked for many years on decentralization in fields where the provinces had an explicit jurisdiction, exerts in a unilateral way, as it is normal—the provinces do the same in their field—its jurisdiction in the field of transportation, and calls upon the co-operation of the provinces for its application.

And now one of those premiers is denying his co-operation, because he has not been asked his advice and because he considers the bill as being an encroachment upon provincial rights.

Mr. Speaker, I submit that the procedure followed by this government was the only one consistant with the responsibility which it must assume on behalf of the Canadian people and all the provinces in a field within its jurisdiction, in order to emphasize the fact that if some co-operation must exist between the provincial and federal governments, that co-operation should never reach the point where it would be understood as being a surrender of the responsibilities entrusted with this parliament and this government under the constitution.

Therefore this procedure was normal and constitutional; second, it was wise, for all the provinces were asked to co-operate before the implementation of this part of Bill C-231.

The attitude taken by the premier of the province of Quebec was most unfortunate. The last letter from the Prime Minister of Canada in this correspondence was dated December 7, 1966. It left another door open, for in it the Prime Minister said that it was unfortunate that the government of the province of Quebec had not agreed to choose

officials to whom it would explain the implementation of Part III of Bill C-231, but he hoped nevertheless that the premier of Quebec would change his mind and agree to co-operate.

If I had to make a wish, Mr. Speaker, I would wish that the premier of Quebec, who has just assumed a heavy responsibility and who must govern Quebec alone and during a very difficult period, would see future discussions between his government and the federal government in the light of mutual respect of fields of jurisdiction. This goes for us as much as for him. I would also wish he would remember that what the Canadian people in Quebec and in all the other provinces want is efficiency from every level of government in its own sector. They want constant co-operation between these levels of government because no modern policy can be implemented efficiently in isolated cases and without co-operation between all levels of government. If the premier of the province of Quebec would change his mind on this subject, I think he would serve the interests the population of all the other provinces which I am sure supported the efforts of the present government to promote decentralization in fields under provincial jurisdiction. This includes all the joint plans. In any case, the Canadian people will not allow the present or any other government to abandon its responsibilities in sectors which are vital to a prosperous country.

I hope the premier of Quebec will understand that if he is concerned with the interests of the people he governs, we as representatives of the people of Quebec on the federal level, do not intend to betray the interests of these people nor those of all the other Canadians.

[*English*]

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I congratulate the previous speaker, the former postmaster general, on a well informed address. I hope I will not be misunderstood when I say that I detect some similarity between his speech and activities and the methods which brought about the return to the cabinet of the Minister without Portfolio (Mr. Gordon). In other words, it might be said that he is also preaching for a recall.

I seldom intervene during third reading and I will try not to take advantage of the fact that the minister cannot reply to anything that I say at this stage of the debate.

My remarks are somewhat similar to those of the hon. member for Winnipeg South Centre (Mr. Churchill). They will not be quite as laudatory as some that have been made. Last night we seemed to form quite a happy mutual admiration society and the minister continued that trend today. It almost sounded to me like a swan song.

Mr. Pickersgill: I will leave that to the hon. gentleman's leader.

Mr. Bell (Saint John-Albert): I am one of those who predicted in the first instance that the minister might be leaving transport. But I am confused; I cannot figure out where he will be going if he is leaving. The other night when we were talking about the review of transportation in the maritimes the minister forgot himself in the heat of the debate and said that this will be up to another minister of transport. This is on the record.

Mr. Pickersgill: I was looking to the decades ahead.

Mr. Bell (Saint John-Albert): If that is so then the minister fell into the trap. In other words, the review of transportation in the maritimes will take place some decades in the future, and that is just the point that I was trying to make. The minister cannot have it both ways. The review was supposed to take place in a year or two whether or not the minister leaves before that time.

Mr. Knowles: He might become chairman of the commission.

Mr. Bell (Saint John-Albert): My other comment, which is in a similar vein, is that if there is anything which helped the bill to pass it is the fervent prayer to which the minister kept referring, particularly last night. This may be a lesson which he should pass on to some of his colleagues, for instance, to the Prime Minister (Mr. Pearson) and the Minister of Finance (Mr. Sharp). His prayers seem to have worked.

Mr. Pugh: He is a wolf in sheep's clothing.

Mr. Bell (Saint John-Albert): I do not know whether the minister is a wolf in sheep's clothing, as has been said by an hon. member over here, but some credit is due in regard to this legislation and I do not think that we as members of parliament should try to take too much credit for carrying out our duties. I believe that we should pay tribute to the civil servants and officials for their perseverance and, as the hon. member for Winnipeg South

Centre said, our parliamentary process can also be praised. Perhaps the minister could take aside his colleague, the Minister of National Health and Welfare (Mr. MacEachen), when the latter returns from his wanderings and preaching outside the house about activities here, to tell him that there are some things in the parliamentary process which are working.

With reference to the amendments to the bill which have been mentioned by other speakers let me say that I was amazed at their number. I do not know how many there were but there must have been well over a hundred. It seemed to me that the minister had an amendment for everybody who made a speech and the tougher the speech the bigger the amendment was. Nevertheless, not all of this is bad.

Reference has been made to the reporting of this debate by the news media. I agree with what has been said. I think that the newspapers in the maritimes and western Canada rose to the occasion after their interest was provoked and did their job well but the national newspapers in central Canada, which are now being sold in the extremities of the country and are bragging about their great influence and position in Canadian affairs, should smarten up. They have not devoted much time or space to this important subject and the reason for this can only be that either they are too lazy or too busy to write about this legislation which is so beneficial to central Canada or they are embarrassed even to mention it. I am not enthusiastic about the manner in which they have reported this subject which is of national importance. If mention is made of "bunny girls" in parliament, word is flashed across the country and headlines are made, but if a speech is made about a serious matter, something with which we will have to live for the next 50 years, our friends in the press gallery say that there is no news value in it.

Having said that I will now make quick reference to four points. So far as the 17-man transport commission is concerned, we are in favour of it. As many of our members have said, it is a big board. We are worried about its bureaucratic nature but we hope it will simplify the methods of dealing with our transportation problems.

• (3:10 p.m.)

The minister made a great case of the amendment moved last night by the hon. member for Medicine Hat (Mr. Olson), with reference to the minister employing experts to attend commission hearings on his behalf. I do not think this is a very important matter; to me it is of minor significance. I believe that the minister would have done so anyway whether or not it was provided for in the bill. I also think he is trying to imply that the government and the cabinet are removed from the commission. But, Mr. Speaker, there will still be politics involved in the transportation commission. We cannot divorce it from politics and I am not sure that we should. I was one who favoured this watchdog amendment that was brought forward, but one of the worries I had was that it attempted to take politics out of transportation, and you cannot do that. I am not talking only of party politics but also of regional politics. The minister has made speeches about this question and I think he knows what I mean.

We are in favour of this commission, Mr. Speaker, and hope that it will do a good job. We have confidence in the members of the commission. We do not think that they needed all the directions that we gave them, but some of the words we inserted in different clauses will be of help to them and will give them an idea of the way we were thinking.

Second, may I say that I feel that not enough attention was given to the brief which was submitted by the representatives of the province of Manitoba. It was an excellent brief and I hope it will be remembered by those interested in transportation for years to come. It was a massive brief; it was thorough and in my opinion all-Canadian. It dealt with the position of the maritimes, the west, the early days of our history and the obligations which were incurred when promises were made under confederation.

One of the things which impressed me about it and which I looked up again this morning was that the brief pointed out that the old seaway canal system which was constructed early in our history was valued in those days at a sum in the vicinity of $250 million. When the $300 million-odd spent on the St. Lawrence seaway is added this means that over $500 million has been invested in the waterways system of central Canada. This indicates, of course, that transportation is not all one-sided; it does not have to be paid for in that instance too.

The Crow rates have been mentioned and I cannot improve upon what has been said about them. Hon. members have chided the minister in his humiliation and have said they hope he has learned his lesson. I can only say that I have always been aware of the importance of the Crow rates to western Canada.

However, I did not realize their significance until one day an hon. member was speaking in this chamber and referred, I believe, to the religious significance of the Crowsnest pass rates, at which he drew probably the biggest hand of any of the members who took part in the debate. So in view of this spiritual comparison in regard to the Crowsnest pass rates I do not believe that the minister or anybody else had better start thinking about changing them.

Mr. Pickersgill: I suppose what the hon. member is trying to say is that the minister had to eat crow.

Mr. Bell (Saint John-Albert): I am glad the minister is in a good humour; I think this is because he sees an end to the legislation.

I also think we should recognize that in its brief the Canadian Pacific Railway pointed out very forcibly that there was, if I may use its words, a shortfall of revenue from the Crow rates, and it demanded reimbursement from the government. This was probably the main contention of the brief. It is quite right that we did have a battle on this issue, which has now been resolved.

We tend to make the railways, particularly the C.P.R., whipping boys in legislation of this nature, and I for one do not want to be misunderstood in this regard. I am very proud of the C.P.R. as a private enterprise Canadian institution. I do not agree with the hon. member for York South (Mr. Lewis) who has attacked the C.P.R. and its policies many times. I am not saying that everything it does is right, but when I do say something that appears to be critical of the company in instances such as those we have discussed it is because of the relationship of the C.P.R. to the government and because of my responsibility as a member of parliament in regard to this relationship as it affects certain of their activities, though not all of them.

The big issue put forward by the province of Manitoba—I mentioned it half a dozen times to the minister but never really got any satisfaction—concerned the proposed section 336 and the lack of any limit on the rates, particularly those applicable to bulk commodities. The representatives of the government of Manitoba pointed out that in their opinion there would not be any economies from heavier loading of bulk commodities. They further pointed out that the relationship of the contribution of such loads to the total variable cost was out of line with the surveys they had taken, with waybill analysis, and the like.

[Mr. Bell (Saint John-Albert).]

I mentioned that in its many briefs to the committee, particularly with respect to passenger service, the C.P.R. referred a great deal to its responsibility as a private enterprise development company in Canada and to how it must not misuse our resources. The brief pointed out that it should not be compelled to continue to provide passenger service when it was uneconomical and unreasonable to do so. I say that this is right and I agree with the C.P.R. on this as a general proposition. At the same time, Mr. Speaker, I throw back to them the point that, in the case of large bulk commodity shipments there might be such misallocation or misuse of resources. I would also point out that in the province of Saskatchewan rates on potash and the like might go sky high. The industry might be able to survive for a while, but there would not be any declaration as a captive shipper and the money required to meet other competition later would have to be derived from the economy of the west, from labour reassessment, and the like. I think that is an important point and it was one of the main contentions put forward by the province of Manitoba.

My third point, as you may have guessed, Mr. Speaker, concerns the maritimes and what we have been able to accomplish for that region of Canada. Let me tell the minister I am not happy with the treatment given to the maritimes by this legislation. I think there has been a whittling away of our position, such as it is. We are anxiously waiting for the completion of the transportation survey, to which I alluded at the beginning of my remarks, and we hope and pray that something good will come out of it. In the meantime we have been forced to fight a tough rearguard action to hold on to what little protection we do have in this legislation.

It will only take me a moment or two to try to summarize the other matters which were dealt with. The minister, and I give him credit, after three amendments had been moved followed through on the matter of flour and I think we do at least have the same protection on flour shipments from eastern Canadian ports that we formerly had. In clause 59, which was amended during the latter stages of consideration of the bill, there is the phrase "to route traffic through Canadian seaports". This could be of some benefit to us.

Clauses 1 and 16 were also amended and contain the phrase "undue obstacle to the movement of commodities through Canadian ports". These were the two substantial

amendments that we feel, if interpreted generously and wisely, will give the ports the protection they already have but no more. Let us be clear about that. We are not getting anything more; we are simply holding our own. The compensatory rule in section 334 still causes apprehension. The minister, in a statement which I will not repeat, excluded the compensatory rule from the changes within the present law. That sort of thing may be all right.

• (3:20 p.m.)

Referring again to clause 1, I brought up the original proposal by the Maritimes Transportation Commission which has the effect of preserving any sort of statutory protection or rate now in existence. Unless I have misunderstood, it means that any future minister or government seeking to change the legislation cannot do away with the Maritime Freight Rates Act unless parliament agrees. In other words, there is a binding precedent that the change ought not to be made unless everybody agrees to it. In this respect the situation is not too bad. I have misplaced a quotation and will not subject the house to it. It is to the effect that the maritime provinces do not think this bill good or bad but that we are apprehensive about it.

The fourth point has to do with the position that we take as a party. I have said that we approve of the super board, though we fear it. The watchdog committee was turned down. It may be that the right men in the right places will make the board work. Perhaps our transportation problems can be considered in their entirety by this board. However, the whole legislation is an invitation to raise freight rates in the east and west. Like it or not, we are at the mercy of the railway companies. I refer to the year-end report of Mr. Donald Gordon, now engaged in another type of activity, in which he said:

> While the legislation is not likely to provide any immediate financial benefits to the railways, it will when enacted remove outmoded restrictions and regulations which have hampered them in the past and place upon them the responsibility of paying their way in a highly competitive situation.

The situation is wide open, unless I interpret that statement wrongly. Yet I remember Mr. Gordon saying in Moncton and Saint John, "Do not worry about freight rates." As surely as I stand here, within a few months freight rates will go up. This will create further pressure on our financial system and will be highly inflationary. The $100 million will have to come from somewhere. I am pleased to see the Minister of Finance (Mr. Sharp) sitting in the house. Perhaps he can discuss the matter with the Minister without Portfolio from Toronto. As I say, these increases will impose extra burdens on our highly inflated economy.

No matter what anybody says, we have tight money in the maritimes. Higher freight rates will hit us hard. What will happen to us I do not know. I suppose the only thing to do is what the minister did last night, pray and hope that the new legislation, this pig in a poke, sight unseen—

Mr. Pickersgill: On a question of privilege, for the hon. member to suggest after all these days that this legislation is sight unseen is to misrepresent all that has happened, including the participation of the hon. gentleman himself and the good work we have done here.

Some hon. Members: Hear, hear.

Mr. Bell (Saint John-Albert): Mr. Speaker, the sight unseen reference has to do with the report relating to the maritime provinces which we are awaiting. In closing my remarks let me say that we have been asked to pass legislation that actually does not affect us except that there will be a deterioration of the maritimes' position because of this bill. But we are asked to go along with it as good Canadians, as we were asked to go along with the seaway and many other things. The inference is that, if we are good boys, in two or three years the government will get around to acting on the new transportation report and we may get something then.

As one maritimer to another—I should say, as one maritimer to a pseudo-maritimer—I can tell the minister that this bill is not going over very well in the maritimes. That is why I cannot support the legislation. The government has to live with it but I for one will be able to say, "I told you so."

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to make a few brief remarks at the conclusion of this constructive and cooperative debate. I rise particularly to correct the remarks of the hon. member for Macleod (Mr. Kindt) last evening affecting the application of the principle of the bill. I am pleased that the hon. gentleman is in the house; I was astounded by what he said because he is a doctor of economics.

Other members of other parties have expressed misgivings about certain aspects of the bill. I think there is no question that as the result of experience over a period of time

there will be considerable amendments to the policy enunciated in this bill. I am sure also that all shippers, whether producers or not, will watch with great interest the administration of the policy embodied in the bill and the administrative changes related to the bill. We shall be referring to this matter when a report is made to the house from year to year.

As I said before, I rise particularly to deal with my good friend from Macleod.

Mr. Kindt: Good.

Mr. Herridge: As found on page 12299 of *Hansard* the hon. member is recorded as saying:

I am quite familiar with the facts which the hon. member for Kootenay West has given. I am aware also of the representations of the B.C. Federation of Agriculture. Let me say that federation, in turn, represents some small fruit farmers and the others in British Columbia. I represent 6,000 wheat farmers and I am protecting the interests of the wheat farmers of Alberta.

I now bring to the hon. gentleman's attention something contained in the minutes and proceedings of the standing committee on transport and communications of October 17, 1966. The representative of the B.C. Federation of Agriculture made representations. As found on page 1874 of the committee report Mr. L. A. Currie, chairman of the feed and grain committee, said:

Gentlemen:

We appear before you today to suggest ways in which legislation regarding railfreight rates and freight assistance on feed grains can be improved to the benefit of both the farmers of British Columbia and the government of Canada.

We represent the B.C. Federation of Agriculture, which organization's over 14,000 members contains practically 100 per cent of the farmers and farm organizations purchasing and growing feed grains in the province of B.C.

Mr. Patterson: Hear, hear.

• (3:30 p.m.)

Mr. Herridge: I am very glad to have the endorsement of the hon. member for Fraser Valley (Mr. Patterson). He knows that, as is usual in my observations in this house, what I am saying is strictly the truth. In this connection I have some agricultural statistics published by the Social Credit government of British Columbia, which will prove the point I am making. I want to say that never once have I found anything wrong with their regular statistics published in connection with production in the province. The only time I have had reason to doubt their statistics was when they concerned the cost of the Columbia treaty projects. This is what it says, here, under the heading "Agricultural Statistics, 1965":

Estimated Cash Receipts from the Sale of Farm Products, 1964-1965:	
Wheat, oats, barley, flaxseed, potatoes, fruit, vegetables, other crops	$ 48,751,000
Cattle and calves, hogs, sheep and lambs, dairy products, poultry, eggs, other livestock and products	$109,433,000

So the total estimated receipt for farm products in 1965—the last year for which I have the figures—is $158,184,000.

In the light of these figures which I have given at the request of people connected with the British Columbia Federation of Agriculture, I am sure the hon. member for Macleod (Mr. Kindt), with his usual courtesy, will willingly retract the statement he made last night, a statement which was widely misunderstood in British Columbia.

The British Columbia Federation of Agriculture is pleased that the minister has seen fit to include in this bill provision for a study of freight rates paid for the carriage of grain used by producers in British Columbia. They welcome it and look forward to having the opportunity to present their views to the commission when it considers this question. This is all I have to say now. I am looking forward to hearing a few remarks by the hon. member for Macleod.

Mr. Lawrence E. Kindt (Macleod): I am most happy to have an opportunity to say a few words in response to the statements which have been made by the hon. member for Kootenay West (Mr. Herridge). I would not for one moment wish to take away any political advantage from him. He felt at liberty to bring in the views of the Federation of Agriculture and point out that the federation had 14,000 members, compared with the 6,000 big farmers in my riding who are raising wheat. I have no quarrel with the comparison. I do not even complain that the hon. member for Kootenay West felt unwilling to confine the comparison to his own riding in which, I happen to know, there are a large number of small chicken farmers—people who raise chickens and who buy Alberta wheat in order to feed those chickens. I have nothing against that.

I would not mind what he said in any way, had he confined his remarks to his own riding. I have every sympathy for his chicken farmers and fruit farmers who raise a few chickens and want wheat from the prairies. I have no objection to that. I have no objection to their wanting our wheat. In fact I am very

pleased they are buying Alberta wheat in order to feed their chickens.

The point I was making was an entirely different one. Let me put it on the proper basis so that the hon. member's chicken farmers will not feel offended. I was saying that under this bill a study is being made of Crowsnest pass rates to British Columbia for the purpose of comparing those rates with other freight rates, so that interested people can point a finger at the level of the Crowsnest rates. My remarks centred on the fact that this device is a springboard for a study to be made, in the course of which it will be shown that the Crowsnest pass rates are extremely low. It will also be pointed out, through publicity, that somebody is subsidizing the farmers in my riding and elsewhere who ship their grain at the Crowsnest rates. This is what we do not want to happen. This is why we do not want a study made. This is what we say may take place following such a study. I was cautioning the minister against having such a study made. If only a comparison of rates is involved, what would be the need for an elaborate study? The rate under the Crowsnest pass agreement is in the neighbourhood of 22 cents, and anyone can get on the telephone and find out what the rates are on grain to feed those chickens about which the hon. member for Kootenay West is talking.

The matter goes much deeper than that. Hon. members opposite intend to use this study as a device for bringing back the baby which was thrown out with the bathwater, when their amendment on this subject was defeated. The minister has told us that no costs will be shown. I hope he adheres to that undertaking, because if he does not I will be the first to call his attention to the fact that he has dragged in all these other matters which we feel should not have been brought in.

It was with these things in mind that I felt it necessary to rise the other day and make the observations I did. I still feel I was justified in doing so. I do not want to offend the hon. member for Kootenay West, because he is a good friend of mine, but I just wanted to set the record straight.

Mr. Ed. Schreyer (Springfield): I want to say in as few words as possible that it is still difficult to decide how to receive this legislation and, in the end, how to vote in regard to it. There are as many facets to this bill as there are clauses; in fact, there are more. I want to say to the minister and his supporters that some of the features of this legislation are commendable and can be accepted and praised; but there are others which, to put it mildly, are very difficult to accept. In fact I would say, as I have said on repeated occasions, that some of the assumptions upon which this legislation is based are ill-conceived. Clause 1, which sets the tone for the rest of the bill, is based on assumptions that in Canada today there exists sufficient transportation competition that we can rely on competition as a natural regulator or protector of the public interest, and protector of the users of transportation services. Insufficient evidence has been given to warrant that kind of assumption.

• (3:40 p.m.)

It may well be that in some parts of the country, where population density and industrial activity are high, there is sufficient competition in transport to warrant greater reliance on that factor than we have been able to place upon it in the past; but this is not the case with regard to vast areas and regions.

In speaking to this bill the minister has expressed an excessive degree of solicitude for the railways, especially in view of the fact that their revenue and earnings position is improving, and is likely to improve in the foreseeable future. As the population of our country grows and productivity increases, the railways will be in a much better revenue and earnings position. Therefore it is unnecessary to express the kind of solicitude for them that we have done in this legislation, which gives them ample opportunity to apply to the public treasury for support, when they perform a particular service as a matter of public policy and do not earn enough money performing it to satisfy them.

The minister is to be commended for agreeing to amendments to several clauses, amendments which have improved the bill. The legislation contains certain features that are an improvement over existing statutes which deal with transportation, but there are still objectionable features in it. This underlines the problem which many hon. members face in deciding how to vote on a bill which contains many commendable clauses as well as some that are objectionable.

This bill's provisions with respect to maximum rate control were objectionable from the start. The minister refused to agree to some amendments that were offered and, as a

result, the bill still contains a kind of maximum rate control provision which is meaningless and a denial of common sense. This provision allows the railways a huge mark-up to the extent of 300 per cent or 400 per cent on the haulage of bulk goods, something which has been pointed out not only by hon. members but by hired transportation experts. I, and many other hon. members, simply cannot support such a provision.

The difficulty we have in this regard is compounded by the fact that we were denied access to information which, in our opinion, could have helped us to make an evaluation in depth. As a result our evaluation has really been superficial. We did not have all the necessary statistical material.

Whether it is intended or not, one of the most damning aspects of this legislation will be its effect on the economy of natural resources generating regions which are areas that produce primary products. Western Canada, northwestern Ontario and the maritimes, all areas which produce natural resources in the raw state, commodities and goods which, to use the jargon of the industry, are heavy loading, will be penalized or adversely affected by this legislation. Of course the legislation will take effect on a transitional basis, but once it is fully in force it will have a deleterious effect on the economies of the regions I have mentioned.

With respect to the debate which lasted for a few days on what the minister intended by the proposed new section 329, I wish to say that I voted for the amendment to delete that new section because I felt its net effect over a period of years would be a subversion of the Crowsnest pass rates. But I do no want to associate myself with anyone who may have ventured the opinion that the minister, by design, was attempting to subvert those rates. All his assurances were certainly to the contrary, and as originally worded the provision could not possibly be interpreted to have that design.

However, an incidental effect of it might have been that over a period of years, if a study showed that these rates caused a loss to the railways which had to be made up by public subsidy, there would have been growing public pressure on the government to do away with them. There was some logic in the arguments on both sides of the question, but in fairness I should say I could not find any specific intention on the part of the minister to tamper with the rates to the end of eliminating them.

[Mr. Schreyer.]

In conclusion, Mr. Speaker, a lot will depend on the calibre of the persons appointed to the new Transport Commission. We take it for granted that they will be selected on the basis of competence and experience in the transportation field, but much will depend upon them because of the considerable amount of discretionary power granted to them by this bill.

• (3:50 p.m.)

With regard to the clause of the bill which deals with branch line abandonments and railway rationalization I feel rather strongly that the commission is in a position to save and protect the economic and social interests of the residents of western Canada if the commission chooses—and I assume it would —to exercise the authority it has with full regard for the social and economic aspects of a community when a main artery of transportation is abandoned. I persuaded the minister, his colleagues, and other members of the house, to accept an amendment which will give the commission specific terms of reference so that when applications for abandonment are being considered it also will have authority to make recommendations to local governments, provincial governments and the governor in council if there should be increased costs in respect of road building. In this case the commission would have authority to recommend to the federal authority or any authority concerning the way in which this extra cost can best be shared when provision is being made for new and alternative transportation services by way of highways, and so on.

By this amendment the commission also has authority to take into consideration the extra cost of production to farmers, and the losses in respect of investment. It has authority to make appropriate recommendations to the governor in council or any appropriate authority concerning how best to deal with these problems of increased cost of production, and other problems. So in my opinion, in many clauses in this bill the commission is given the necessary authority and scope. I hope, as I believe all hon. members do, that over the years it will exercise this authority in prudence and with the best judgment.

Mr. Raymond Rock (Jacques Cartier-Lasalle): Mr. Speaker, in speaking on third reading of Bill C-231, particularly in respect of clause 78 concerning the grade crossing fund, I should like to say that on December 20 and January 9 I asked the minister certain

questions. I asked him to study an amendment which I had brought forward concerning clause 78. I should like the minister to tell me whether this type of clause would have been accepted. Also, does the government intend to vote any supplementary amount to the grade crossing fund in the event that it should be depleted during the fiscal year? I wonder whether it would be possible to give the new commission sufficient power to initiate a plan to eliminate grade crossings, so that we would not be faced with the necessity of waiting for the roads department of a province or a municipality to take action.

I understand, Mr. Speaker, that Mr. Lawless, director general of the Canadian Federation of Mayors and Municipalities, has asked the minister that a meeting be held in the future concerning changes which might be made to the grade crossing fund, which I believe has been inadequate since 1958. I should like to ask whether the minister could explain what protection there is in respect of the commuter service under this new legislation vis-à-vis abandoned railroad tracks.

I wonder whether the minister in his concluding remarks would be able to answer some of these questions?

Mr. Pickersgill: Mr. Speaker, on a question of privilege, which perhaps is not a genuine question of privilege, you might allow me to say how glad all of us are to have the hon. member for Jacques Cartier-Lasalle back after his lengthy illness, which prevented his taking the same part in the work of the committee of the whole that he did during the hearings of the committee on transport and communications, when he was most helpful. Unfortunately under the rules I am not allowed to speak, but I will personally give the hon. member an answer to his questions.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I shall detain the house only a few minutes. I rise to speak not on any matter of substance in respect of this bill but rather with regard to a matter of form. Were I to speak to a matter of substance, the minister probably would guess that it would have to do with the pensions of retired employees of the Canadian National Railways and the pension arrangements of the Canadian Pacific Railway. Frankly I do not see how I could relate these subjects to this legislation. I plan, however, to raise these matters again on another occasion.

The point of form to which I should like to draw attention has to do with the set-up of the bill on page 2. In the middle of that page in capital letters there is a heading and then a subheading in small capital letters which reads:

PART I.

CANADIAN TRANSPORT COMMISSION.

I should like to suggest that that heading and subheading are in the wrong place. The way it is now it would appear that clause 2, namely the title, and then the clauses relating to interpretation and application, relate only to Part I of the bill. The fact is that the title and the interpretation and application clauses refer to the entire bill, not just to Part I. I contend therefore that the heading, "Part I, Canadian Transport Commission" ought to appear after clause 5. In other words I suggest it should appear just above the subheading in italics, "Constitution of Commission". Even if we were in committee of the whole I am not sure whether this would be a proper amendment. I suspect it is simply a matter of adjusting the lay-out of the pages. It may be that this is a situation in respect of which the parliamentary counsel could make the necessary adjustment when he prepares this bill, after it is finally passed, for its final printing by the Queen's Printer. I simply bring this to the attention of the house in the hope that this matter of a change in the form might be made so that if the bill does pass it will appear in a sensible form so far as this part of it is concerned.

The house divided on the motion (Mr. Pickersgill) which was agreed to on the following division:

YEAS

Messrs:

Asselin (Richmond-Wolfe)	Hellyer
Basford	Honey
Batten	Hopkins
Béchard	Isabelle
Benson	Johnston
Berger	Klein
Blouin	Lachance
Byrne	LaMarsh (Miss)
Cadieux (Terrebonne)	Lamontagne
Cardin	Langlois (Chicoutimi)
Chatwood	Laniel
Clermont	Laverdière
Côté (Longueuil)	LeBlanc (Rimouski)
Côté (Nicolet-Yamaska)	Lefebvre
Cowan	Legault
Crossman	Lind
Davis	Mackasey
Deachman	McWilliam
Drury	Marchand
Forest	Matheson
Gordon	Mongrain
Gray	Neveu
Habel	Nixon
Haidasz	O'Keefe
	Patterson

Division

Pelletier	Sharp
Pépin	Stafford
Pickersgill	Tardif
Pilon	Thomas (Maisonneuve-Rosemont)
Reid	Tremblay
Richard	Turner
Rinfret	Wahn
Robichaud	Whelan
Rochon	Winters
Rock	Yanakis—70.
Roxburgh	

NAYS

Messrs:

Aiken	MacDonald (Prince)
Ballard	MacInnis (Mrs.) (Vancouver-Kingsway)
Barnett	MacLean (Queens)
Bell (Saint John-Albert)	McKinley
Bower	McQuaid
Cameron (Nanaimo-Cowichan-The Islands)	Mandziuk
Cantelon	Martin (Timmins)
Churchill	Muir (Lisgar)
Coates	Noble
Crouse	Ormiston
Danforth	Peters
Douglas	Prittie
Fane	Pugh
Fawcett	Rapp
Forbes	Régimbal
Gauthier	Rynard
Grafftey	Saltsman
Grills	Schreyer
Horner (Acadia)	Simard
Howe (Wellington-Huron)	Simpson
Kennedy	Starr
Knowles	Valade
Korchinski	Watson (Assiniboia)
Lambert	Webb
Langlois (Mégantic)	Winch
Latulippe	Winkler—53.
Lewis	

• (4:10 p.m.)

Motion agreed to and bill read the third time and passed.

Mr. Fulton: Mr. Speaker, I was paired with the Minister of Labour (Mr. Nicholson).

Mr. Bell (Carleton): Mr. Speaker, I was paired with the Minister of Agriculture (Mr. Greene). Had I voted I would have voted against the motion.

Mr. MacRae: Mr. Speaker, I was paired with the Minister of Public Works (Mr. McIlraith).

Mr. Pennell: Mr. Speaker, I was paired. Had I voted, I would have voted for the motion.

Mr. Munro: I was paired, Mr. Speaker. Had I voted, I would have voted for the motion.

Mr. McLean (Charlotte): Mr. Speaker, I was paired with the hon. member for Royal (Mr. Fairweather). Had I voted, I would have voted for the motion.

[Mr. Knowles.]

Mr. McCutcheon: I was paired, Mr. Speaker. Had I voted, I would have voted against the motion.

Mr. Alkenbrack: Mr. Speaker, I wish at this time to protest at the shortness of the time allowed for hon. members to come to the chamber from their offices. When the bell began to ring I was engaged in a long distance telephone call from Europe. By the time I had finished that call the bell had ceased to ring. I do not think a proper opportunity was given at this time for hon. members to respond to the bell.

Mr. Scott (Victoria (Ont.)): Mr. Speaker, I was paired. Had I voted, I would have voted against the motion.

Mr. Southam: Mr. Speaker, in regard to what the hon. member for Prince Edward-Lennox (Mr. Alkenbrack) said, I also found it impossible to make it over here with such a short bell.

INTERPRETATION ACT

PROVISION FOR REVISION AND CONSOLIDATION

Hon. Lucien Cardin (Minister of Justice): moved the second reading of Bill No. S-9, to revise and consolidate the Interpretation Act and amendments thereto, and to effect certain consequential amendments to the Canada Evidence Act and the Bills of Exchange Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

• (4:20 p.m.)

Mr. Cardin: Because of the largely technical nature of the bill it was my intention and that of my department to send it to the committee on justice and legal affairs. This was the procedure that was followed in the other place. Since this is a very technical bill I think that the time of the house would be saved if we could send the bill to that committee and I would ask the consent of the committee to do just that.

Mr. Bell (Carleton): Mr. Chairman, the course suggested by the minister is one which would certainly meet with approval on this side, particularly in the light of the very strong article which appeared in the December issue of the Canadian Bar Review written by a very distinguished counsel, Gordon F. Maclaren, Q.C. an article which I think requires study. Such a study can only be given by a standing committee of the

house. We would certainly be agreeable to this committee rising and reporting progress and we would suggest that a motion be presented then to commit the bill to the standing committee on justice and legal affairs.

The Chairman: Is that course agreeable to the committee?

Some hon. Members: Agreed.

Progress reported.

Mr. Cardin: Mr. Speaker, I move:

That the subject matter of Bill S-9 be referred to the standing committee on justice and legal affairs.

Motion agreed to.

CANADIAN FILM DEVELOPMENT CORPORATION

PROVISION FOR DEVELOPMENT OF FEATURE FILM INDUSTRY

Hon. Judy V. LaMarsh (Secretary of State) moved the second reading of Bill No. C-204, for the establishment of a Canadian Film Development Corporation.

Mr. David MacDonald (Prince): Mr. Speaker, if the minister would like to make a few remarks I would be quite willing to defer to her, but it is my understanding that she would rather wait and perhaps make her remarks later on. It is an unusual situation to find the Secretary of State speechless. However I will take advantage of that situation and make a few remarks on what I believe to be a very important bill.

I have been very disappointed by the fact that the government has seen fit to let this particular item languish on the order paper for such a long period of time. Indeed it could be said that not only has it languished on the order paper for a long period of time but it has languished in the area of political promise for a long time. We have now reached the stage at which we were three years ago when the minister's predecessor promised in somewhat specific terms that a new corporation would be set up, the responsibilities of which would be to encourage a feature film industry in this country and to which, I think, an initial sum of $10 million would be granted. That was in 1964, and here we are in 1967 finally coming to grips with this matter.

It may seem perhaps to many hon. members in the house and to many people across the country that whether or not a feature film industry is established in Canada is not a matter of terribly pressing concern. After all, we can leave the chamber at this very moment and go down into the heart of the city where we can find half a dozen places where feature films are shown. I could even tell you the names of three or four of the films that are showing at present, being myself a feature film fan. We might think that there is no pressing need for the establishment of a feature film industry and in particular for the government to take an interest in this question. However, I think that if we compared ourselves in this regard to many other countries in the world we would be shocked to discover how much we have neglected this area, considering Canada's position in so many other cultural endeavours, and considering also the overall strength of our economy and our privileged position in terms of affluence and education. There has been a shocking neglect in this field. I remember that when a few years ago, upon visiting South Korea, I went for a walk in a park one Saturday afternoon, I suddenly discovered there a full fledged film crew in action. I watched them for a few moments and turned to my host, a Korean gentleman, to ask him what was going on. He told me that one of the South Korean film companies was making another feature film. I looked at him incredulously and asked: "Do you mean to tell me that you make feature films in South Korea?" to which he replied "Certainly; doesn't everybody?" I had to admit that as far as I knew in 1961 the thought of establishing a film industry in this country was by and large ignored and thought superfluous.

From the beginning we have relied basically on two areas for our feature film entertainment, the United States and Great Britain.

Mr. Prittie: And France.

Mr. MacDonald (Prince): The hon. member reminds me that we have also relied on France. What has this meant to those of us who have grown up in Canada over the last 30 or 40 years? It has meant that throughout a whole generation we have identified ourselves with certain alien cultural values and certain entertainment personalities, and subconsciously adopted standards that are not basically our own but which exist in other countries. We have never had the privilege, which a great many countries have had in the last 30 years, of identifying ourselves with fellow Canadians through that extremely important cultural instrument, the film. I think it is true to say that basically most people regard feature films as a source of entertainment. However, my belief is that feature films

are one of the most powerful and subtle influences on the development of the values of a society, a continuing influence in the setting of certain standards and goals. If one does not believe this, he should visit some countries overseas which have been exposed for the past few years to American feature films and learn from them what is their understanding of North America. The response would be alarming.

We in Canada who have continued to view the feature film productions of other countries have identified ourselves with their values and established goals for ourselves which are not necessarily concurrent with what life is like in this country. There has been a continuous impediment to our development of a national image and a national identity. I am not saying this in a narrow, restrictive, or partisan sense, but I think it has been a great failure on our part to have overlooked year after year the necessity for establishing a feature film industry.

• (4:30 p.m.)

For many years we have considered as very important our Canadian broadcasting system. It is well known to hon. members of this house that hundreds of millions of dollars have been spent in establishing this communications link, this heart throb, if you like, for the Canadian nation. We have also taken a considerable amount of trouble to do similar kinds of things under the National Film Board in other kinds of less direct but still, on the whole, cultural fields. But when it comes to the feature film industry we have been greatly negligent.

I suppose the blame does not fall on the head of any one person or any particular government, because as far as I know no government has ever taken this question seriously. I was investigating and looking into this particular matter some months ago, Mr. Speaker, and I chanced upon what I consider to be one of the real ironies of our development as a nation. Apparently shortly after the second world war, during the period 1945-47, there was some interest in Canada in the development of a feature film industry. There was a real desire on the part of some to see a feature film industry get off the ground. Actually this would have been a good time to think about starting a feature film industry, because after the war there had been neglect of this proposal and there was a kind of vacuum into which a new industry could have moved.

It is my understanding, Mr. Speaker, that five of the major film producers in Hollywood got wind of this possibility of a loss of market in this country. They were disturbed that some of the extra revenue they received from runs in Canada would be lost to them, and so they approached the then minister of trade and commerce, I think it was, with a proposal. The proposal was that instead of actually going to the trouble of giving some special protection to, and assisting the development of, a Canadian feature film industry, these five major Hollywood producers would fill the vacuum, so to speak, and would make two concessions which would prevent any difficulties from developing, and would also ensure that some kind of Canadian image was carried on in film making in North America.

As I understand it, their two concessions were as follows: First of all they agreed that every year one of the five producers would come to Canada and would make a 15-minute travelogue on some aspect of Canadian life, and this would be a major concession; there would be some kind of Canadian identity at the movies.

That was good enough, Mr. Speaker; but they decided to go a little further and to establish something called, I think, a Commonwealth office in Hollywood, where they would have a couple of resident script writers. These resident script writers were to review all of the scripts of the shows to be produced. They would read the scripts, and if they found a line or two that ran something like: "I was talking to my mother in Seattle by phone the other night", a chap would sit down and would rewrite it in this way: "I was talking to my mother in Vancouver by phone the other night", to make sure that occasionally there would be some geographic references to places not only in the United States but also in Canada. This was the kind of concession that I understand was agreed to by the government of that day in order that the five major producers of films could carry on their distribution in this country without impediment.

Finally, Mr. Speaker, after many years, we are now in 1967 on the verge of paying some real attention to the development of a feature film industry in this country. As other speakers have said when dealing with the resolution preceding the bill, I think in the first instance we must give the minister a very real vote of praise in taking the initiative in this matter. We sympathize with her in part for the way in which other members of her

government have found other things so much more pressing that the resolution had to languish on the order paper month after month. Only at the end of the day, on a Friday afternoon, when those who have been able to do so have taken off by plane or train, are a few of us left to deal with this matter. This is not something to be left to the last, let me assure you, Mr. Speaker. This is an attitude that will only ensure the eventual dismissal of those things which we should like to think are uniquely Canadian.

Having voiced those words of gratitude to the minister for bringing this bill before this house, I think I must also say that the bill leaves a great deal to be desired, because at this point it has really recognized only the fact that Canada needs to have its own feature film industry. It does not go very far beyond that recognition, I am afraid.

It is all too easy, and it has been all too easy in the past, for governments—not only this one but other governments—to say that the answer is simply to create a foundation, to give that foundation money, and everything will be off to the races. It just does not happen that way in most cases, Mr. Speaker, and I am sure it will not happen in that way with one of the most competitive, and I think one of the most complex, industries that functions in the world today. As I say, I do not believe this is true, but I think that if it were true the minister would see that merely setting up a foundation which occasionally would hand out money and awards through some kind of subsidy to a production company to ensure the development of a self-sufficient and worthwhile feature film industry would only be the height of naivety.

I think, Mr. Speaker, that in what this bill spells out we are taking the first step in creating an agency which becomes concerned about the problem. But this is not the first bit of legislation which I think will be necessary, if we really believe that a feature film industry should be encouraged to develop in this country.

I have some fear about this because the government has shown, by its willingness to let this matter languish for a period of time, that it considers this is not really an issue of priority. I am afraid that we do not have a cabinet at present which can be called a cabinet of "swingers". Perhaps the Secretary of State (Miss LaMarsh) is the only swinger of the group, but it does take more than one or even two swingers to make a thing like this go; and I think she will have to have some converts if we are to put muscle behind this ambitious proposal.

For instance, Mr. Speaker, I think that if we are to be serious about the establishment of a feature film industry in this country something must be said about distribution, certainly something more than simply saying that the film will have a certain amount of content and that certain agreements will be entered into. Many countries have found distribution to be the overriding problem facing film producers. You see, Mr. Speaker, in many cases the problem is not getting together enough money to make a film; the problem is what is going to happen to the film after finally it has been produced.

We know that in Canada the whole question of distribution comes amazingly close to what may be termed a monopoly. I think unless we have some answer to this problem, and unless we have some knowledge of how these films are going to get from the producer to the distributor to the exhibitor, then we will only do a very small part of the job and in a very short time we will frustrate the very people we are trying to encourage in this embryonic industry.

I think too that it would be pointless, particularly in this country or in this house, to think we can do everything to ensure the development of this industry. Because this is a federal state some of the questions that will face us in the encouragement of this industry will of necessity have to be resolved by provincial legislatures and provincial governments. I think this is an area in which the minister and her colleagues must take some lead. If she is serious about seeing not just half a dozen films made for centennial year, or for next year, or until the money runs out, but seeing an industry develop in this country, then the provinces must be encouraged to take the necessary steps to ensure that the final product is shown.

If the minister does not do this, I think the situation will be very similar to the situation which occurred last year and which was featured in a report in the Toronto *Star*. I do not have the date of the clipping I have from the *Star*, but let me read some of the problems encountered by one person who apparently was able to get the money to put together a film worth looking at, a film called "Nobody Waved Goodbye". This film was made by a man called Don Owen, and this is what Robert Fulford had to say about it:

> But now consider "Nobody Waved Goodbye", by Don Owen, perhaps the best feature made so far in English speaking Canada. It was a Toronto film,

by a Toronto director, about life in Toronto; and it was treated shamefully by the movie exhibitors of Toronto.

● (4:40 p.m.)

A leading exhibitor, who saw it privately, declared that it was "a piece of junk from Hicksville". It was booked into the New Yorker theatre, in the dead week before Christmas. It had practically no advertising. It came and went.

But when it went to New York the critics liked it so well it created a sensation. Their reviews astounded even the film's admirers in Canada. Finally it was brought back to Toronto and received a proper booking.

The point is this: If we are to depend on the good faith and the warm-hearted nationalistic interests of the exhibitors, we are far from realistic. I am convinced that unless we encourage—and I use the word encourage advisedly—exhibitors to display these films, we are involved this afternoon in an exercise in futility.

We know too well that in dealing with exhibitors the major control cannot be exercised by this house; that must be a provincial responsibility. It seems therefore not only sensible but ultimately necessary that if the machinery for this industry is to go forward the minister at the earliest possible date—and I always hate to suggest this—must call a federal-provincial conference.

An hon. Member: Not another one.

Mr. MacDonald (Prince): I will rue the day I suggested this. On this point I see no way around the roadblock, unless the provinces can be made responsible for grappling with this problem. Unless the provinces are willing, as the minister seems to be, to take positive steps we shall gain little from passage of this legislation.

I think, also, that if this is to be realistic endeavour, the corporation to be established by this legislation must of necessity have liaison and links with the provinces. I might say, as an aside, that since some of the provinces have become seriously interested themselves in producing motion pictures, there may be important reasons for having closer links between the provinces and the corporation.

It would be irresponsible to create an agency like this unless we are able to envision its relationship to the Canadian Broadcasting Corporation. At the present time the C.B.C. is the biggest producer of motion pictures in this country—not necessarily feature films, but of motion pictures. It produces three or four times the film footage the National Film Board produces. One of the tragedies is that a great deal of C.B.C. film produced is only a one-shot affair. Most films produced are shown once, then discarded, and not too tidily in most instances, in some attic or cellar where they are mislaid.

Yet I think the motion picture industry in future in this country will have to think seriously of its relations with the television industry. How many hon. members were impressed, as I was, by the September 28 report of the Ottawa *Citizen* of last year which said that the United States television companies signed a $92 million deal with the film companies to show $92 million worth of American-produced feature films on television? There is no mistaking that more and more television companies—and in this country the major television producer is the C.B.C.—will be anxious to produce feature length motion pictures to show in first instance on television, and then to continue showing them across the country in theatres. This will involve a serious consideration.

It seems strange to me that the corporation to be established by the proposed legislation bears a greater relationship to the National Film Board, by provision of a commissioner, than to the C.B.C. which actually produces three times the film the National Film Board produces. We must look into this question seriously.

I want to refer to something the minister said in her closing remarks some months ago, when speaking on the resolution. She said that if the exhibitors do not seem anxious to display or distribute these films, certain questions about a quota would have to be taken up. Presumably that quota would apply to the number of foreign films to be imported into the country. That is the kind of negative approach that will be harmful to the development and encouragement of a feature film industry in this country. I suggest, rather, that we think of the ways we can encourage the expansion of Canadian produced feature films. We should think, in this instance, not of ways to force people to exhibit Canadian films, but of the other side of the picture: What positive steps can be taken to encourage exhibitors to become interested in showing Canadian films?

I think that the "Eady" fund is at least one very potent way to adapt what Great Britain has done, that revenues gained from the exhibition of United States motion pictures can be turned to the advantage of those who produce Canadian feature films. It seems extremely sensible that revenues gained from showing foreign made products should in some way

subsidize or stimulate the development of our own feature film industry.

For 30 or 40 years we have willingly exported, year after year, millions of dollars of wealth, to be entertained by motion pictures not produced in this country. It seems eminently sensible for us to take steps to ensure that some revenue gained from showing foreign films is put toward developing and encouraging a Canadian feature film industry.

In closing, I say that we are making this grand venture into the feature film industry at an auspicious time. Great interest was sparked by the announcement of the former secretary of state. We now have producers, writers and technicians, and we can develop this industry in this country. The time is ripe for us to take this step, and from our discussions here we should formulate the strongest legislation possible that will enable us to do this job.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, earlier today, speaking on another bill, the hon. member for Winnipeg South Centre (Mr. Churchill) made remarks about the way parliament works and how long it takes to achieve something. I agree with much of what he said. The public does not fully understand that, under the legislative process, consideration cannot be rushed. I confess, nevertheless, that I am amazed at the time this legislative item has taken to come this far. The hon. member for Prince (Mr. MacDonald) referred to the fact that the former secretary of state, the hon. member for Outremont-Saint-Jean (Mr. Lamontagne) made a public pronouncement as long ago as 1964. I believe an interdepartmental committee had been at work for some time before he made that pronouncement. We last had the bill before us on June 20, 1966, and here we are, on January 27, 1967, getting second reading. It is an extraordinary operation and I think we could somehow organize our business a little better.

• (4:50 p.m.)

Miss LaMarsh: Hear, hear.

Mr. Prittie: I noticed last year that a report on films for Canada's centennial year was presented to the Centennial Commission on April 1, 1966 by Robert Anderson Associates Limited. On page 5 of this report the following appears under the heading "Feature Films":

> A noticeable gap in 1967's film spectrum is the lack of films of epic proportions—theatrical feature films. If such films are to be made, they will occur only as a result of early government implementation of its announced plans for a Canadian Film Development Corporation to assist in financing and distributing Canadian feature film. Producers are poised and waiting. If the government were to advance this legislation on its order paper, there would still be time for feature films for 1967.

I would be rather late in 1967, following this legislation though I am pleased to see that, as the previous speaker mentioned, some independent film producers are at work in Canada. Seven or eight months having elapsed since we last discussed this measure, there is bound to be some repetition. During the debate on the resolution a number of hon. members raised the question why Canada has not had a feature film industry in the past. The hon. member for Prince gave the answer to some extent. The principal reason is, of course, the relationship between English speaking Canada and the United States. During the discussion at that time I mentioned that those countries which had been obliged to produce their own films developed their own film industries. Sweden is a good example. That country has a film industry which has turned out very many fine films. Indeed two weeks ago, there was a week of Swedish films shown at an Ottawa cinema. The industry in that country came into being because nowhere else was Swedish spoken.

To give another illustration: When the C.B.C. began its television network in the French language there was no material available. France had not begun production at that time, so it was necessary to produce the material locally. This was done, and today Montreal is, I am told, the leading centre for the production of television programs in the French language.

There have been other reasons for Canada's failure to develop a feature film industry. One of them is the fact that distribution facilities in Canada are not under our control. In addition to distribution facilities, personnel and money are needed. Personnel are not lacking. There are in Canada people with sufficient technical ability to produce films—they have been doing so in other parts of the industry for many years. Many of our people possess the requisite acting capability; they are acting on television, now. There are still enough capable people here, though unfortunately some were attracted by prospects in the United States or in France.

Then again, producers find it difficult to raise money for their projects. I wish to quote briefly from an article which illustrates this point. This was taken from the Ottawa

Citizen of November 11, 1965, entitled "Canada cool to foreign film makers".

Montreal (CP)—Claude Giroux, Montreal-born president of Allied Artists, the U.S. film distributors, says Canada offers no inducement to film makers to make movies here.

Mr. Giroux, a leading figure in the United States, movie industry, is attending the 98th technical conference of the Society of Motion Picture and Television Engineers.

He said in an interview Monday that Canadian banks are conservative and lack knowledge of the film industry. They know nothing, he said, about production guarantees which are given by foreign distributors.

"When you go to the banks and say 'here is a guarantee from an Indian distributor and an Italian distributor and a French distributor to pay $100,000 each when the picture is finished—now lend me $300,000 and I'll make a film here' they get a glassy-eyed look.

"They don't understand that making a film is like building a house. You get a construction loan and a completion bond and after that you convert it into a mortgage."

What is needed, he said, is a film agency similar to the industries. Such an agency would be knowledgeable about films and would therefore be in a position to endorse guarantees, he said.

This bill will, to some extent, solve the question of raising money, one of the factors which was hitherto been lacking.

In the course of the debate last June, the hon. member for Moose Mountain (Mr. Southam), I believe it was, said he had some knowledge of the film industry and suggested the figure of $10 million mentioned here did not amount to very much. I do not know whether it is sufficient or not, but I do know that some of the smaller European countries such as Sweden, Czechoslovakia and Denmark have turned out very good motion pictures on small budgets, pictures which have made a good deal of money for their producers. One such production has been running in Ottawa for a number of weeks. It is called "Dear John" and it is, apparently, a small budget picture. They just used a bedroom most of the time, but it seems they have the necessary ingredients for success.

An hon. Member: Explain.

Mr. Prittie: The question of distribution and the desire of the industry of some kind of guarantee being given for the distribution of films produced in this country by Canadian film makers has already been mentioned. This is most important. Speaking last June, the minister said that co-operation by the exhibitors and the established companies would be expected. I notice that in writing up the debate the *Globe and Mail* of June 21 made this comment in a headline: "Import quota hint if Canadian movies are not shown more often".

[Mr. Prittie.]

I think this was implied in the minister's speech last year and I would certainly agree that if this co-operation is not forthcoming all possible steps should be taken by the government to make sure that Canadian films, assuming they are good ones, do get the exhibition facilities which they deserve, not only here but in other countries of the world, and that if necessary we should use import quotas for this purpose. After all, many other countries do this.

There is one other matter to which I should like to refer. It concerns the relationship of the National Film Board to the established private film producing industry in Canada, however expanded that may become. A week ago today I addressed a question to the minister. The representative of one of the international unions, in this case the International Union of Film Photographers, had protested the fact that the National Film Board and the C.B.C. were co-operating to make a film—the particular film he had in mind was entitled "Waiting for Caroline". It is being filmed in Quebec City and in Vancouver. He was protesting on the grounds that by making this film the National Film Board was exceeding the mandate given to it by parliament.

I understand the C.B.C. and the National Film Board have made arrangements to produce three feature length films. In reply to my question the minister said this, as reported in *Hansard* of January 20, page 12037:

I have seen Mr. Cole of I.A.T.S.E. and listened to his complaints. He did complain that the present activities of the National Film Board were not within the provisions of the act. As the hon. member knows, as a minister of the crown I am not in a position to give a legal opinion, but anyone may look at sections 9 and 10 of the National Film Board Act and see that this sort of endeavour falls within them.

• (5:00 p.m.)

The minister continued on the next page:

Mr. Cole has demanded that a collective agreement be signed with his local in Toronto, a demand which the film board has rejected on the grounds that the board will not instruct its employees to join any particular union. In fact, I am informed that the employees of the film board have joined other unions, particularly Le Syndicat Général du Cinéma.

Mr. Cole has also threatened to prevent distribution of a film now being prepared, and has even threatened to disrupt further an infant industry which all hon. members have indicated they would wish to see flourish in this country. It seems to me that it would be a most short-sighted approach on the part of cameramen and other individuals associated with film making, to cause a disruption which would sabotage the efforts of government and prospects for the industry to grow in Canada.

I am not too concerned at the moment as to who organizes the film crews, but I must confess I was surprised, when the committee on broadcasting and films made a visit fairly recently to the National Film Board, to find out that the employees of that board had not been organized. But whether they are organized by the international or the C.S.N. is not our business.

I have not tried to get a legal opinion, since the minister replied to the question, to see whether or not the National Film Board is operating within its mandate. Philosophically I have no objection to the National Film Board co-operating with the C.B.C. to make films. The public has put money into both corporations and probably should get a good return on it, but I pose this question: If indeed the act is not clear, can we not make it clear? If the interpretation of the act is that the National Film Board cannot make feature films, then we know where we stand. Further, if it is the wish of the government and the C.B.C. that their facilities could be used for that purpose to assist the C.B.C., then perhaps the act should be changed.

However, I suggest that when the feature film industry in Canada gets off the ground we are apt to receive more complaints of this type. In fact the same complaint appeared in a publication which I received the other day, "Canadian Film and T.V. Industry," published in Toronto, which incorporates "The Canadian Moving Picture Digest." Whom it represents I do not know, but it made this same complaint about the mandate of the National Film Board. I shall have more to say when we discuss the various clauses in the bill, but that will conclude my remarks for now

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I am of the opinion that this is a direction in which we should be moving and, even though it has been somewhat delayed, I congratulate the Secretary of State (Miss LaMarsh) upon bringing forward this piece of legislation. The film industry is the kind of industry in which, as a nation small in population, we should be involved, because it demands high quality, high degrees of technical skill and artistic talent, and does not involve great use of natural resources. In addition, if we can manage to sell our film production abroad it would alleviate greatly our balance of payments problem. As it is, since this industry began we have made our contributions both in money and in talent to almost every other part of the world except Canada.

I am pleased with some of the clauses in this bill, particularly the one which suggests that certain qualifications will have to be met, namely

> —that the completed film will, in the judgment of the corporation, have a significant Canadian creative, artistic and technical content.

I am sure this will lead to problems for both the minister and the corporation. I am sure that not long after films are completed someone will rise in this house and demand why Canadian tax money has been used for a particular film. I wonder how the determination on the adjective "Canadian" will be made in conjunction with the words "creative, artistic and technical content".

I also wonder about the quality of films produced. I am sure applications will be received from people who have always had a burning desire to create the ultimate in what is known as avante garde, or underground, or modern films. I am sure these people will also apply for funds. Somewhere along the line the corporation will have to develop sufficient nerve to say no to some of the applications it receives. In fact it may be called upon to say no to a completed film.

I would remind the minister, without making any comparisons, of the embarrassment General Franco had in Spain when, a few years ago, he invited back to his country all of the creative talent which had earlier been driven out of it. One of the people who went back was the very famous and talented director Bunuel who then proceeded, without the knowledge of Franco or his government, to produce a film that was one of the most fiercely anti-clerical films ever made anywhere. General Franco and his agents learned too late about this film which was produced under their very noses. The film was smuggled out of the country and presented at one of the great European film festivals. There it won all of the awards, which is not at all surprising considering the nature of the film.

We shall have to watch the content of films as specified in this bill. There is no reason why "Doctor Zhivago" could not have been made in Canada, but I suppose it would not have had Canadian content within the meaning of this bill. I only hope our film industry will not be so restricted.

• (5:10 p.m.)

I would also urge, although this may be in contradiction of some of the remarks made by

the hon. member for Prince (Mr. MacDonald), that not too much insistence be laid on total provincial involvement. Let us not fragment this industry before it is born. I suggest much of it will be centred in my own province, British Columbia, because of the tremendous natural advantages which it has for this type of industry. I believe the government of Canada should be quite prepared to go ahead with a subsidized industry which is centred mainly in one province, should that be the case. I know there are a variety of other industries which are highly encouraged by the government and which happen to be centred in provinces such as Ontario and Quebec. It is not beyond imagination that this industry could play a very important part in British Columbia. For the benefit of the hon. member for Prince I might suggest, for instance, that even "Anne of Green Gables" could be successfully filmed amid the beauties of British Columbia.

One other advantage which I think the development of a privately encouraged or subsidized film industry could have would be the gradual phasing out of the C.B.C. from some of its film making activities. A while ago we heard about established film companies making films for television. We have heard the suggestion that in Canada it should be the other way around; that is, that our television industry should make the films for our motion picture industry. I think the reverse should be the situation.

If the film industry as such is to develop, then I think the C.B.C. should be one of its customers and not one of its main suppliers. We will have more to say in respect of this bill when we study it clause by clause. I believe the idea is worth while. There will be serious problems for this industry and for the department which shepherds it along, but I hope that they will be successful.

[*Translation*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to make a few remarks on this bill and to point out first what is probably a misprint in the French version of the bill. On page 3, paragraph (b) of subclause 2 of clause 10 is shown as paragraph "(d)" instead of "(b)" and I am wondering whether it is a misprint or a new way of drafting a bill, unless the hon. minister is considering the inclusion between paragraphs (a) and (d) of unforeseen provisions. Anyway I wonder if it could not merely be a misprint.

[Mr. Johnston.]

In any case, Mr. Speaker, I should like to say that the intention shown by the government to give assistance to the Canadian feature film industry—and the word "Canadian" is stressed in the bill—should precisely be that, namely to promote more interest in the production of Canadian feature films on the part of our film-makers and artists.

Some time ago, perhaps a year and a half ago, the C.B.C. had a film produced by Seaway Films Limited, of Toronto, which apparently had entered into an agreement with the Associated Television Limited, of London, England, a private television station there, to produce a Canadian film on the St. Lawrence Seaway. They were to produce 30 one hour films, a venture which had cost the Canadian people $3 million. As the estimates provide $10 million apparently earmarked to promote the Canadian film industry, I wonder whether that amount will really be enough to develop and encourage that industry.

Those who are in the film industry will be in a position to judge whether this initiative can really promote this kind of industry in Canada or whether this is not merely a superficial attempt on the part of the minister to show to the artistic world that the government is interested in this field of Canadian artistic activities.

I note, however, that the hon. minister left out certain details which I feel are very important. For instance, the clause dealing with the objects and the powers of the corporation does not say anything about dubbing a film. And yet, film dubbing appears to be one of the most important considerations here in Canada, for it will enable Canadian films produced in the English language to be translated for distribution to theatres catering to French speaking viewers. The bill should provide that this dubbing will be done by French or English Canadian actors and actresses, or Canadian artists, at least.

If the hon. minister does not insert this provision in the bill, we will have to watch imported films, translated and dubbed by foreign artists, like those being shown every day on our television sets.

Here I wish to refer once again to this movie shown over the Canadian television network in which a well-known Quebec comedian, Mr. Rolland Bédard, performed. A French actor had dubbed his voice in Paris. Thus, we were presented with the peculiar situation where the voice of a French Canadian actor, performing in a film shown

to a Canadian audience, is dubbed by a Parisian actor.

I am wondering if this anomaly could not be corrected through a minor amendment that the minister could move on his own. Nevertheless, I do not move it myself as an amendment, but rather as a suggestion. In my opinion, the minister should add, after paragraph (a) a provision to the effect that the dubbing of feature films produced in Canada, be done by Canadian artists, both English and French speaking. In doing so, I think we would be spared this unpleasant and deplorable practice of seeing Canadian films subsidized by our country, by our government, and by our taxpayers, being dubbed by foreign actors.

I also think that the minister should have stated in the bill that all films being financed by this Crown corporation must answer to certain public moral standards.

A few minutes ago the hon. member who spoke before me referred to some European, Swedish or Norwegian films that have been translated for Canadian viewers. But, I believe, the example mentioned by the hon. member does not represent exactly the type of film we would want as far as the morals described are concerned.

Mr. Prittie: Never.

Mr. Valade: There are certainly good films that come to us from those countries. We hope that the Canadian film industry will produce good films; because when we look at films on television and in the movie houses, too often do we find that we are being snowed under by war films of low moral standards.

These films encourage violence among youth, crime, free love and even prostitution.

All those films that clutter up our cinemas are surely not of a kind to help our young people to orient themselves toward the future imbued with the moral standards we expect of them.

Therefore, I hope that the minister will see to it that this assistance we want to extend to the film industry will not be merely confined to helping producers whose sole concern is making profits. The Corporation should rather provide guidance in the production of moral, artistic and cultural films. That, to my mind, should be the motivation of a crown corporation such as this.

Much more could be said about this bill, Mr. Speaker. It may not be elaborate, still it provides certain guiding principles. For my part, I think we are doubling, perhaps tripling, our help to the Canadian film industry.

• (5:20 p.m.)

The C.B.C. is financing the production of films. The National Film Board also produces a number of films, and I wonder why an amendment has not already been brought to the Canadian Arts Council Act, so that the funds would be paid by the National Film Board, since such is the name of that organization. The words film and cinematography are synonyms and, from a practical point of view, if the word "cinematography" was substituted for the word "film", I do not see that it would make a difference. I wonder why the government has not already considered altering the present structure of the National Film Board, so that a branch of that organization would specifically look after the development of a Canadian film industry.

Mr. Speaker, we realize that we are still dealing with another corporation. We are increasing the number of crown corporations, we are involving state intervention in a field where I feel we could encourage in a very unobstrusive and discreet way those who would like to launch out in the film industry.

If, whenever there is a dearth in an area of economic activity, the government were to establish a corporation to take the initiatives which the people themselves should take but are reluctant to take because they fear to take the risks, the government should take the risks instead.

I wonder if there again, we are not complicating things or even competing with existing industry. There are movie concerns in existence, some of which have been successful and others which have not succeeded, probably because their management or their production was of poor quality.

A government organization could step in and finance the film itself, without regard for the management, because the film may be very good and the management very bad. Then the government would be financing a production and not a poor administration. Therefore, it seems to me that it can, through indirect means, through already existing agencies, give assistance to those who proved that they were really able to produce quality films. In my opinion, this would serve at best the Canadian movie industry.

Therefore, if she is agreeable—and I shall not insist on some amendments I have mentioned a while ago, since the members of the house seem to have properly put the helm over as regards the previous legislation—the minister could at least give me her assurance

that the dubbing of films produced in this country shall be done by Canadian actors and players and that the moral standards shall be respected in all the works to be financed by this crown corporation.

[*English*]

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I have a few remarks to make in respect of this bill. Let me first say that I am very much in favour of the principles embodied in the bill. We have observed the very excellent example in Canada over the past years of the development of Canadian talent by the Canada Council. As a result of its efforts a great deal of talent from many communities has come to light.

The Canada Council has accomplished three things. It has found a great deal of Canadian talent in many communities where many people probably thought talent did not exist. It has devoted its efforts over a wide area, and has looked for talent in areas beyond the reach of other government agencies associated with the arts. It has also given opportunities to many small groups which, without this assistance, certainly would not have had the opportunity to accomplish the very fine goals they have reached. If the proposed corporation handles itself in the same manner as the Canada Council, I think the feature film industry in Canada will progress in the same way as many other areas of artistic endeavour have progressed, through the assistance of the Canada Council.

It seems to me that the C.B.C. in recent years has followed the opposite trend, by bringing increasingly questionable material to the attention of its viewers. The C.B.C. has recently become no more than, to use Mr. Ouimet's words, sleazy and slipshod. I am thinking particularly of the production "Harvest of the Sea", which has been a source of embarrassment to the fishing industry in Canada, and has also embarrassed the Department of Fisheries. I have in my hand a letter written by the deputy minister of fisheries to Mr. Alphonse Ouimet. The deputy minister says in this letter, among other things, the following:

> Representations have been made to my minister by the fishing industry of Canada protesting that considerable damage may have been done to the country by the poorly researched script which in some instances presented the industry in a very poor light. There is also the fact that the program made almost no reference to the work carried out by the Department of Fisheries of Canada and the Fisheries Research Board of Canada;—

[Mr. Valade.]

He then states:

> The commentary leaves much to be desired. It more than implies that Canada has done nothing about conserving and managing its fishery resources.

Later he states:

> This department was not consulted by anyone connected with the program to verify facts;—

Later he said this:

> It would seem to be obvious, also, that the C.B.C.'s farm and fisheries department would have been in a position to provide constructive advice to the producer.

• (5:30 p.m.)

Finally the deputy minister wrote:

> It is regrettable that what could have been an informative program should be so marred by lack of research and inadequate preparation, and that the orderly development of Canada's fisheries, which is achieving a great measure of success, should be ignored.

One result of this bill will be the creation and development of a trend in the opposite direction. Perhaps this will improve Canadian film productions and assist in the development of Canadian talent in respect of feature films and documentaries. Surely this is a move away from what is becoming an ingrained difficulty in respect of this crown corporation.

In conclusion let me compliment the minister for bringing this bill to the house. I support it wholeheartedly, but I should like to ask one question about it which I think the hon. lady will answer to my satisfaction when she speaks on this subject. Why cannot the objectives of this bill be carried out by the Canada Council? Why do we need another crown agency to accomplish what could be very well accomplished by one more competent committee of the Canada Council, which has already shown its competence to deal with many fields of the arts to the satisfaction of Canadians from coast to coast?

The Acting Speaker (Mr. Richard): Shall the motion carry?

Mr. Churchill: Mr. Speaker, is the minister not going to say anything at all in this debate? I have been waiting for the minister to rise and speak on this matter. I realize that if she spoke she would close the debate, but I had hoped she would have something to say in this regard.

The Acting Speaker (Mr. Richard): Order. The Chair did not rush to put the motion. However, if the minister wishes to rise at this

time I would point out that if she speaks now she will close the debate.

Mr. Churchill: Mr. Speaker, I wonder whether it is the intention of the house to debate this bill now, or is it to be referred to one of our standing committees?

Miss LaMarsh: Mr. Speaker, at one time it was the intention to refer this bill to the broadcasting committee, but it was decided not to deal with it in the standing committee but in committee of the whole house.

Mr. MacDonald (Prince): Mr. Speaker, may I put a question to the minister? I should like to ask whether it is not true that she has received representations from the people most interested in this industry, the producers and others who have been interested for some time in this regard, and who wish to put forward some improvements in the legislation. There was some difficulty last year in contacting the minister. I think it would be most welcome if the committee could meet with the people specifically involved in this industry. I think many hon. members of the house do not understand the full intent of this measure. In order that we may fully understand the situation in this regard I think the minister should be willing to see these people.

Mr. Prittie: Mr. Speaker, if this matter had been raised in September or October last I would most readily have agreed; but if it is referred to the broadcasting committee, I do not know what will happen. I suggest that this matter will not be resolved by 1969 if it is referred to the committee. Some of the people who represent film making associations came to Ottawa last June and made representations in this respect. I made some notes at that time and I shall be dealing with these matters when we reach the clauses of the bill. I believe we could have dealt with this matter in October or November last, but I think we should now go ahead with it.

Mr. MacDonald (Prince): Mr. Speaker, there is a great deal of interest on the part of producers and others involved in this question and I think we should not deal with the question at this time. It would only involve a few weeks to call a couple of meetings of the committee to deal with this subject. If the committee were to study this question, I believe they could direct us as to the best way in which this legislation could be presented. If we do not do this, I believe we may seriously weaken the legislation that is before us today.

Development of Film Industry

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I have received absolutely no representations from any source asking for such a matter to be referred to committee. I have not received any such representations from anyone interested. Over the past six or eight months I have not seen anyone connected with the industry who has made representations in this regard; this includes people within and without the country. I know at the present time of no request by anybody to appear before the committee. This piece of legislation has been exposed since June 20 and has been subject to any publicity which might have appeared in the film magazines and film press in this connection. The representations I have received have been connected with such things as distribution and the necessity for producing something which meets certain criteria of Canadians. These have not been matters, I suggest, in which the federal or provincial governments will be affected.

This is not supposed to be a subsidy, as some hon. members have seemed to suggest. We are concerned here with a budget of $2 million or $10 million, but this does not mean that the Canadian government will be involved in the film business. This money is supposed to meet the needs that exist in regard to the producers producing films for world wide distribution. Some films have been produced by Canadian producers. They may apply to this corporation for "front" money or "end" money which is necessary to meet their budgets. Some others may be coming to us for interim money, or guaranteed money in the form of a bonding, as it were. This matter has been dealt with by Mr. Giroux. In other words, it is not a phraseology of the legislation at all. However, I have not any knowledge that there has been any attack on it; it is advice as to how the corporation might function.

The hon. member has suggested that the provinces might be involved in setting up the distribution in this regard. It is no use producing a film and keeping it in a can on some dusty shelf; the corporation should have a package deal in connection with the finished product. It should be placed on the basis of the distributor being able to make the most worth-while use of it under a budget that is realistic. After all, one of the aspects of this fund is a banking fund. I suggest to my colleague from Vancouver Quadra (Mr. Deachman) that it is quite different from the ordinary function of the Canada Council, which

makes grants. This is more of a banking function; it is to assist people in the Canadian film industry who find it is necessary to receive assistance. This is not a large fund to be used for investment and in which we will become a partner. This money may not last beyond 1967 in our centennial fields, because it takes a long time to get the scenario ready and the arrangements set up with regard to budget arrangements.

• (5:40 p.m.)

I have been told by Canadian film makers, not I might say the one which produced "Nobody Waved Goodbye", which was a National Film Board production, but who have produced others, and particularly the producer of "The Luck of Ginger Coffey", that having once dealt with the distributor they are aware of the pitfalls and know how much more they should receive. Distributing companies are prepared to go along with the distribution of meritorious films, but a number of things must be shown.

Promotion is a big part of distribution as was demonstrated by the film "Nobody Waved Goodbye". Certain things have to be included in the distribution guarantee, but neither the government nor the commission arranges it. An individual cannot come to the Film Development Corporation and say: "Here is the package I want". He must make his arrangements about distribution. We have been concerned about this all along, from the time when the interdepartmental committee first met and began to produce reports to my predecessor, the hon. member for Outremont-Saint-Jean (Mr. Lamontagne) and into the early days when I represented this agency. The officials wished to ensure that the whole spectrum of the industry would be considered and that this should not be a place where people can walk in from the street with a hot idea and receive $2 million to create a film. We know this is something which will have to be handled carefully. This is public money which should be used to promote an industry and not just one film.

One hon. gentleman mentioned the question of dubbing. We consider that this is covered under section 10 (2) (a) which requires a significant Canadian creative artistic content. However, it is not intended that this bill provide the subsidization of Canadian dubbing of foreign films either in English or in French as a major part of the enterprise. The problem raised by the hon. gentleman concerns many individuals in the province of Quebec who would like to see all films dubbed in this country, and not in France. Nevertheless, where French or English dubbing of Canadian films is done, it can be part of the assistance granted under this legislation.

I should like to say one last word in reply to the hon. member for Okanagan-Revelstoke, who suggested that a film such as Dr. Zhivago could not be produced in this country. I would suggest that there is no reason why it could not be produced here, provided there were Canadian stars and Canadian people both in front of and behind the cameras, and that the script was written by a Canadian so that in fact it had a largely Canadian content. There should be no restriction on the origin of the ideas which are produced into a screen play.

This leads me to one last point, namely the question of whether I or the members of the board will be the ones to judge as to the morality in the plays. I suggest that if any of the vital elements of the passions of human beings are excised completely from any films in which the Canadian Development Corporation might invest, there really would not be much left in which to invest. We have to remember that films which are most popular are those which are a reflection of life. I do not think we should produce licentious films, but we want to produce films which are of good commercial quality and of value. Our purpose is to promote and develop an industry and not to produce one or two art films for which Canada has already become famous.

The Acting Speaker (Mr. Richard): Is it the pleasure of the house to adopt the motion?

Mr. Churchill: On division.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Richard in the chair.

Mr. Prittie: Mr. Chairman, on a point of order. You said that the motion was agreed to on division. I want to know for the record whether in fact there was a division or whether it was agreed to unanimously.

The Deputy Chairman: Yes, there was a division.

On clause 2—*Definitions.*

Mr. Churchill: Mr. Chairman, I would like to make a general remark on clause 2. I regret that the house is faced with having to

make a decision on this bill today. I do not think for one moment that we can complete debate on this bill in the committee of the whole house today. I say this for the following reason. On checking over the debate that took place on June 20 and after listening to the debate today I find that there is a division of opinion in the house. Some hon. members are absent today as they did not expect this bill to come up for discussion.

When the bill was first discussed on June 20 one or two hon. members on both sides of the house expressed opposition to it. To protect their position I think we should make sure that they are given a chance to speak on this bill at some stage or another. The very fact that, as the minister said, the bill has been exposed since June 20 does not mean that it has been considered. I made a calculation that by six o'clock tonight the house will not have spent more than three hours in discussing a bill which is considered to be of considerable importance, and in considering a proposed expenditure of $10 million.

I do not think that three hours is adequate time to spend on a bill of this nature, and to consider a proposed expenditure of that magnitude. I suggest that the house should be a little more cautious and should not proceed so rapidly on this particular measure. The minister does not seem to be overly enthusiastic about the bill or she would have made a statement on the opening of the debate on second reading, which she did not do. It was only under some pressure that she consented to make a statement at the conclusion of second reading. So that all we have had from the minister is what she said to us on the resolution stage way back on June 20. Several very important comments were made this afternoon and there are some hon. members here who are very interested in this measure. I think their case should be heard and so should the point of view of other hon. members who, at the resolution stage, expressed serious opposition to it. That being the case this committee should adopt a responsible attitude and take its time in dealing with this measure.

I hope that hon. members will believe me when I tell them that I am speaking in good faith and that I do not just want to delay the bill. I want responsible consideration of it. I have an open mind and I am prepared to be convinced that this is an essential feature in Canadian public life.

Development of Film Industry

Miss LaMarsh: Mr. Chairman, I wish to speak on this point of order. The hon. gentleman has ignored the fact that this legislation has been called every day of the week. Surely all hon. members are expected to be in the house during the week, and would have had the opportunity to find out when this legislation would come up. The hon. gentleman said that there is some disagreement. I suppose there is some disagreement on everything, including the colour of one's eyes. But generally hon. members have shown pretty general agreement with respect to this matter.

• (5:50 p.m.)

Hon. members on all sides of the house have had some very interesting contributions to make. When the hon. member suggests I have refused to say anything I would point out to him that I have given up my right to speak first so that other hon. members may have an opportunity to make more lengthy remarks. Following that, I will answer them to the best of my ability. I would be very happy, if hon. members gave proper consideration to each of the clauses as they came up, to let the matter be dealt with at once.

Mr. Hamilton: Mr. Chairman, with regard to my request for information, one of the questions that bothers me is the production of films. Sometimes we in Canada have a perverted sense of nationalism. For instance, we note the feeling in the C.B.C. that to produce a Canadian show all of the personnel involved, from the director down, through the technicians to the actors and actresses, should be Canadians.

It has become obvious that this attitude has slowed down the development of Canadian talent. In the fields of basketball, American football and Canadian hockey we have found that if a country does not know anything about these sports they import the best they can get in these particular fields of endeavour into their own countries, so their local boys can learn the necessary techniques.

We have seen this occur very dramatically in Canadian hockey, where just a generation ago there was hardly a nation in the world could stand up even to the most average of Canadian teams. So successful have these countries been in importing a few Canadian coaches and players that today Canada is very hard put to match these other countries in our own native sport.

In the matter of film making we have in Canada today a number of directors who I think would match directors of almost any

other country in the particular line in which they are skilled. However, these directors in Canada are forced, under our unique sense of nationalism, to hire actors and actresses from the Canadian pool who may not be the type of actors or actresses required to fit into a particular role.

I am not going to develop this theme, because I am talking about a field of which I know very little, other than what I learned from my own investigations some years ago. Therefore I simply suggest that one of the criteria which should be applied in the choosing of people to receive awards under this particular bill should be that of making sure that the wrong type of nationalism, will not be a limiting factor.

I am a nationalist, Mr. Chairman, and I want to see a Canadian film industry developed. I know that individuals and companies in Canada have made tremendous efforts and sometimes lost a great deal of money trying to develop a commercial type of film. Over and over again they have been trapped by the fact that the Canadian market is insufficient to carry their product. But the minute they try to come into the field and produce a film for the C.B.C., for example, they are caught by the type of attitude which dictates that you can only hire people who are Canadian citizens.

Ultimately we want to see more and more people reaching technical excellence as directors, as lighting and stage technicians and in all phases of good film making, as well as in the field of acting. We know we have these people because they have been a success in other countries. But if the chief criterion in setting up a Canadian film industry is that the Canadian Film Development Corporation can hire only Simon-pure Canadians, then we would be limiting ourselves and would not be able to produce the best scenario, the best actors and actresses or the best technical standards.

I do not think we should try to put restrictions of this sort on our film producers. If these people need a certain type of director or require technical people with certain qualifications for a certain job, then they should be allowed to hire the people they want. We know that the production of Disney films in Canada has involved the use of Canadian technical personnel by the Disney Corporation almost exclusively, and we have had tremendously fine results. This industry could be a two-way street, but what we are after is something which we can sell.

The final point I wish to make is in the form of a question. The minister indicated the difficulty involved in distribution, what I would call the marketing. The fundamental weakness is that today's market for films requires to be composed of a good many more millions of people than we have in Canada. The market must be sufficiently broad to carry the cost of production of a film.

Marketing films would involve a lot of tie-ups with international distribution agencies, but the minister has said that this is a costly arrangement. One reason above all others that I support this legislation is that I have seen Canadian enterprises in this field fail before. I hope that the money supplied, even though it comes from the state, as it does in other countries, will help these people break through the barriers that now exist against ordinary Canadian companies becoming big enough financially to cope with the tremendous production costs and distributive costs in other countries. What we need is a market for Canadian films which will be sufficient to ensure that it is a pay-off operation, which in time will enable it to accumulate enough capital of its own.

With those few remarks and with the warning I issued earlier, Mr. Chairman, I should like to ask the minister whether there is any intention of making this corporation subject to the sort of restrictive and narrow nationalism about which I warned her at the beginning of my remarks.

Miss LaMarsh: Mr. Chairman, the very fact that films must be commercially viable is an indication that individually talented people either before or behind the camera would be part of any package. It may be that the film will be 100 per cent Canadian in content, but we have not put a percentage into the bill, as will be seen by a reference to clause 10(2). I understand that in the United Kingdom they use a percentage in the neighbourhood of 80 to 85 per cent, but we have made this bill more flexible. However, looking at the whole thing, the film must have Canadian content.

Mr. Hamilton: Do I understand that even though we have a lower percentage there must be a large Canadian content to warrant support?

Miss LaMarsh: One of the matters mentioned in the resolution, Mr. Chairman, was that we did not want pirate companies to come in and just use Canadian tax moneys to make a profit. That is why the films are

generally to be of a Canadian nature or of Canadian content, somewhere in line with the averages described in the B.B.G. lists.

The Acting Chairman (Mr. Richard): Order. It being six o'clock it is my duty to rise, report progress, and ask leave to sit again at the next sitting of the house.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, I should like to ask about the business for next week.

Miss LaMarsh: Mr. Speaker, before we reach that might I speak to my hon. friend who has asked about adequate consideration by hon. members opposite. In view of such extremely inclement weather outside and the fact that it would be difficult to go anywhere, might I suggest that in order to consider the matter further we might not see the clock for some time? In this way we could give further consideration to this bill, for which we want so much time made available.

• (6:00 p.m.)

Mr. Churchill: This is very interesting, and I should like to respond favourably, but we sat until after eleven o'clock last night on another bill. In any event, today we expected to take up Bill No. S-9, having to do with the Interpretation Act. One member of our party, who had an excellent speech prepared, did not make it because the government changed its policy or program. All I ask this government to do is to be consistent, to make up its mind on the program it wishes to follow. I would prefer to recognize the clock and to call it six o'clock.

Mr. Turner: To answer a question of the hon. member for Winnipeg South Centre, the Interpretation Act was sent to the committee on justice and legal affairs earlier this day.

Mr. Churchill: Yes, but the hon. member will recognize that we had to bail out the minister, who wanted it to go to committee.

Mr. Turner: I do not think there was any bailing out.

Mr. Churchill: The hon. member for Carleton (Mr. Bell) bailed him out.

Mr. Turner: In any event the order of business for Monday is as follows: item No. 107, second reading of Bill C-243, an act to amend the National Defence Act and other acts in consequence thereof.

Mr. Churchill: That is enough.

Mr. Turner: Then, when that item has been successfully concluded we hope to take item No. 62, continuing the committee stage on Bill C-204, to establish a Canadian Film Development Corporation. If that is proceeded with successfully, we hope to take item No. 83, second reading of Bill C-220 relating to the Immigration Appeal Board. Should there be time available to the house we would then take item No. 116, the resolution relating to a measure to amend the Small Businesses Loans Act. Should the house still be in the mood, we would consider item No. 120, second reading of Bill S-55, to provide for relief in certain cases against loss of hardship suffered as the result of interruptions of normal postal services.

Mr. Churchill: May I ask the minister whether that order of business will hold for the entire week.

Mr. Turner: Mr. Speaker, that may be reviewed on Monday.

Mr. MacDonald (Prince): May I ask the minister a question? As we shall not come back to the Film Development Corporation bill on Monday, would it not be possible to refer that bill to a committee, as the hon. member for Winnipeg South Centre suggested, rather than letting it languish for another six months on the order paper?

Mr. Deputy Speaker: Order, please. A decision has already been taken about that.

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

HOUSE OF COMMONS

Monday, January 30, 1967

The house met at 2.30 p.m.

• (2:40 p.m.)

HOUSING

ANNOUNCEMENT OF POLICY OF DIRECT LOANS TO BUILDERS

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I should like to make a brief statement concerning housing policy.

Additions to the housing stock in Canada reached a record level in 1966, with the completion of 162,192 new dwellings. Constructions starts, however, at 134,474 units were down 19.3 per cent, and this decline is reflected in the number of units under construction at the end of the year.

The reasons for the decline in starts and dwellings under construction are well known, I think, to most hon. members in this house. On more than one occasion I have indicated that demands on private capital resources were exerting undue restraint on residential construction in most parts of Canada. For this reason assurances were given that direct lending by Central Mortgage and Housing Corporation would provide for at least as many starts and new dwellings in 1966 as in 1965.

I should like to draw to the attention of members that in actual fact direct federal loans in 1966 increased by more than 10 per cent in terms of units and 18 per cent in terms of dollar volume. With some moderation in prospect this year in other demands on the economy and with an additional source of mortgage funds provided, I hope, by the proposed amendments to the Bank Act, we can, I believe, be somewhat more optimistic concerning housebuilding in 1967. Other incentives should arise from the November amendments to the National Housing Act and from the formula introduced to automatically adjust the interest rate on loans under the act.

However, Mr. Speaker, it will take time for these forces to exert maximum impact in the residential construction field, and the government has authorized Central Mortgage and Housing Corporation to institute a spring program of direct loans to builders. This program will be similar to recent annual fall direct lending activity that was so successful in encouraging winter construction and stabilizing employment during winter months for workers generally.

Effective March 1, Central Mortgage and Housing Corporation will accept applications from merchant builders for loans to be made in the period April 1 to May 31 inclusive, without a presale requirement. Federal funds will be available for up to 20,000 new dwelling units during that two month period. I would estimate that some 16,000 of these units will take the form of single family dwellings for home ownership and about 4,000 will be rental units in smaller communities and in new resource areas.

While we hope it will be possible to introduce this special program without a quota arrangement, loans to any builder will not exceed his physical and financial capacities nor will lending in major centres be permitted to drain off excess amounts at the expense of resource or growth areas and smaller centres where the need for both home owner and rental housing is acute.

Of necessity, the program will be kept under close review. Its purpose, simply stated, is to ensure immediate stimulation of housebuilding activity.

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I think the minister started off by stating that he was going to make an announcement on housing policy. Well, Mr. Speaker, if the housing policy of this government consists of merely providing 20,000 direct loans, then in my opinion it is no policy whatever.

In the first place, Mr. Speaker, when the government raised the National Housing Act interest rate by a full 1 percentage point last year they increased the cost of housebuilding to the point where today a person with an average income cannot afford to buy a house under the National Housing Act. This cost was aggravated by the 11 per cent sales tax. Because of the shortage of housing there was a tremendous competition for the available housing, and that competition again raised the cost of houses. For many months we have been urging that the government should have made available more direct loans. When the minister raised the interest rate to 7¼ per cent he certainly implied that this should make available from private lenders all the money

that would be necessary. Now he admits that this is not the case, and makes provision for another 20,000 houses by way of direct loans.

The minister has not made any proposal to solve the problem of those Canadians who earn in the neighbourhood of $5,000 annually. It is impossible for these people to build under the National Housing Act. I believe also that the provision for loans up to an amount of 10,000 in respect of existing houses, as we warned the minister, also has proven to be insufficient. It is my understanding that very few applications have been received. I submit that before long the minister will be forced to increase that amount in order to achieve the objective the government has in mind.

The government has not made any mention of further measures to assist low income families. Last year not many more than 2,000 rental units were provided for low income families in Canada. The Senate report on aging showed there are something in the order of 300,000 Canadians who are in immediate urgent need of low cost low rental housing.

Mr. Speaker, I think there will be nothing but disappointment in all parts of Canada with this minor change in the policy of the government in respect of housing.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, whether the government is aware of it or not this country is facing a housing crisis. The proposal the minister has announced today is about as adequate to meet the housing crisis as it would be to feed a peanut to an elephant in the hope of assuaging its hunger. The proposal the minister has outlined to make direct loans to the builders to enable them to construct some 20,000 housing units certainly will be of help to the builders, but it will be of little assistance to the people who really need houses and who are in the moderate income brackets.

As the minister himself has admitted, one would need an income of $8,000 or more per annum in order to buy a house today. The latest figures show that a house which cost $25,000 in 1966 could have been purchased in 1965 for $20,000. The cost of property is going up, and the housing program the minister has announced will benefit mainly those persons whose incomes are such that they can afford to pay the very large price that is involved here.

My colleagues the hon. member for Danforth and the hon. member for Broadview have been urging the minister over the past two or three years to announce a housing policy of direct loans to persons desirous of becoming home owners and not just to builders; that is, to the people in the middle income groups. The government is in a position to borrow money at much lower rates than the average individual can borrow money even under the National Housing Act. Unless the government is prepared to make very large sums of money available to prospective home owners by means of direct loans, the people in the middle income groups are not going to be in a position to buy or build homes.

We hope the government will take some cognizance of the request that homes be made available, by means of direct lending, without a down payment and at low interest rates. We hope some such action will be taken to reduce the cost to those people who want to buy lots.

• (2:50 p.m.)

The last report carried in the Toronto *Daily Star* indicated that people in the metropolitan Toronto area were paying as much as $10,000 per lot. That price makes it prohibitive for individuals with incomes of $4,000, $5,000 or $6,000 per year to purchase homes.

We have been urging the government, and urge them again, to embark upon a large scale public housing program which will make homes available to a great number of Canadians who today have no hope of owning homes under the present provisions of the N.H.A. It is not enough for the minister to compare housing starts and housing completions with those of 1965. Under present circumstances there has to be a greatly accelerated program. It is estimated that something over a million new homes are needed in Canada. The present tepid and inadequate approach will not give very much encouragement to those Canadian people who are looking for homes in which to live. There is little value in having an affluent society when at the same time thousands of young couples have no means to build houses in which to live and raise families.

We hope the government will make some announcement very soon in respect of a housing policy rather than give us bits and pieces which, added together, indicate that it really has no policy and no imaginative approach to this very serious housing crisis.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I wish on this occasion I could congratulate the Minister of Labour, but I am afraid I cannot. Following the mini skirt budget brought in by the Minister of Finance, we have observed the Minister of Labour

attempt to apply a band aid policy to a serious situation. That is a "band aid" policy rather than a "bandit" policy, but perhaps the second meaning is not far off the mark.

I think the announcement is somewhat ambiguous and falsifies the facts. Some 20,000 new starts are to be made, but it is clearly understood that they will not necessarily have to be sold prior to the commencement of construction. I understand why the minister has made that provision. The new houses will not be sold to that category of individuals we desire to help. They cannot afford them.

Perhaps it would be of value for the Minister of Labour to consult with the Minister of Finance, because this whole problem is of a financial nature. This government appears to be operating much like a finance company. The cost of money and of construction in respect of houses is so high they are beyond the means of the ordinary wage earner in this country. I suggest that we are not helping to solve the housing crisis which exists at the present time in Canada.

The difficulty now faced in the housing industry in Canada is not the result of people not wanting to buy houses, but results from the fact they cannot afford them at the present time. We have serious credit restrictions in effect, and we are faced with an 11 per cent tax on building materials. This increases the cost of construction and is an influencing factor in respect of weakening our economy. The minister has suggested that this might be counteracted or resolved when amendments to the Bank Act are passed. I do not believe that will be the case, because banks do not necessarily have sufficient funds to make available mortgage money in respect of the number of houses we need to solve this shortage in the country. We saw them a year ago asking permission to lower their reserves to permit them to operate, because they were working with a tight-belt system. They are not in any better position at the moment, and the situation will not get any better in future. The cost of living is too high to allow the situation to improve.

This policy does not contribute to lowering the cost of living. The fact that we can build 20,000 houses does not mean they can be sold. The contractors will be asked to support this cost, and it will not help the situation one way or the other. It is just a band aid solution or a band aid applied to a major problem for which we need a major cure. The minister certainly has not given us that major cure today.

Housing Policy of Direct Loans

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I have been told on many occasions that we ought to be thankful for small mercies. Even though I agree with many of the criticisms that have been voiced today I want to express appreciation for the small step that has been taken by the government in further attempting to meet the housing problem that exists in Canada today.

I remember the Liberal party proclaiming the fact that they were interested in assisting Canadians to own their own homes. That was a very commendable objective, but we have found during the past months, and indeed the past two or three years, that many of the policies that have been followed by the government have really worked against this objective. Instead of helping our people to own and live in their own homes, these policies have practically placed homes beyond the reach of many thousands of individuals.

In his statement the minister referred to the demands on private capital resources which were exerting undue restraint on residential construction. We in the Social Credit party have maintained for years that the government ought to make use of the Bank of Canada for its social capital requirements. We believe that if the government would use the Bank of Canada to meet its social capital requirements it would take the pressure off the private capital supply, so there would be substantial amounts of money available to carry on the business of this nation and also to enable our people to acquire housing and the other facilities that are required.

I agree that the price of housing today is far beyond the reach of many thousands of would-be home owners. One reason among many is the fact that interest rates have climbed to such an extent as to pretty well take housing out of the reach of those in the middle or low income brackets.

The suggestion that this measure will provide for 20,000 new dwellings is, I think, entirely inadequate. The minister of manpower, I believe, has announced that additional endeavours will be made to encourage immigration to this country. If with this consideration you couple the need of housing for new family formations in Canada, I suggest that 20,000 units is far, far too few to in any way meet the demand in this field. Therefore, Mr. Speaker, while expressing appreciation for small mercies, we are looking for bigger mercies in the days that lie ahead.

House of Commons

HOUSE OF COMMONS

MOTION TO AMEND PROVISIONAL STANDING ORDER RESPECTING ADJOURNMENT FOR MEALS

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like at this stage to move a motion based on rule 41 affecting the times of meeting of this house. The motion is expressed in the following terms. Moved by myself, seconded by the hon. member for Ontario (Mr. Starr):

That provisional standing order No. 6 be amended by adding after subsection (1) the following:

(2) At 6:00 o'clock p.m. on Mondays and Tuesdays and at 7:00 o'clock p.m. on Thursdays, Mr. Speaker shall leave the chair until 8:00 o'clock p.m.

(3) At 1:00 o'clock p.m. on any day upon which a morning sitting of the house is held Mr. Speaker shall leave the chair until 2:30 o'clock p.m. and that the present subsections (2) (3) and (4) be renumbered (4) (5) and (6).

• (3:00 p.m.)

Mr. Speaker: Order. As some members will suspect, there is some doubt as to whether this motion is acceptable at this time, and I would certainly like to hear the hon. member on the point of order. I suggest to him that this is a type of motion which can hardly be moved without notice, even at this time. If the hon. member wants to submit an argument refuting my suggestion I would be pleased to hear him. If not, I am prepared to enter a ruling on the point.

Mr. Churchill: Mr. Speaker, I should like to say something on that point of order. The reason for not giving notice of my motion is based on standing order 41 and on the precedent in 1951 when the hon. member for Winnipeg North Centre (Mr. Knowles) presented a motion to extend the sitting hours, which was followed by a debate on the point order which I am now raising. Mr. Speaker Beaudoin found that it was within the right of a member to make such a motion without giving prior notice because it dealt with the hours of sitting of the house and not with days of sittings or with the adjournment.

My motion is based on the standing orders, with the sole exception of that section of my motion which deals with the retention of the private member's hour on Thurdays from 6 to 7 p.m. I admit that this could have been expressed in another way, namely by saying that the hours of sitting of the house shall be on Mondays and Tuesdays from 2.30 p.m. to 6 p.m. and from 8 p.m. to 10 p.m. and on Thursdays from 2.30 p.m. to 7 p.m. and from 8 p.m. to 10 p.m., and on Fridays from 11 a.m. to 1 p.m. and 2.30 p.m. to 6 p.m. However, the wording of the two parts of my motion which indirectly determine the hours of sitting of the house by informing the house that the Speaker may vacate the chair at certain specified periods is based on the standing order.

I suggest that since my motion deals solely with the times of sittings of the house it is covered under standing order 41 and therefore is in order. Standing order 41 reads as follows:

Forty eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper; but this rule shall not apply to bills after their introduction, or to private bills, or to the times of meeting or adjournment of the house.

It was under that standing order that I felt I was within my right in making my motion without giving prior notice.

Mr. Speaker: Does the hon. member for Kamloops wish to support that argument?

Hon. E. D. Fulton (Kamloops): I was going to say that one further consideration might be taken into account by Your Honour, namely that the standing order says—

—this rule shall not apply to bills after their introduction, or to private bills or to the times of meeting or adjournment of the house.

I doubt very much whether Your Honour would reject the motion on these narrow grounds; however, if Your Honour were to say that this standing order does not apply to the motion by the hon. member for Winnipeg South Centre one could say equally well that a motion having to do with a dinner recess has nothing to do with the actual hours of meeting or adjournment of the house. This is the only ground on which it could possibly be held that the motion is not covered by standing order 41. I am sure Your Honour will not rule on that narrow ground, because surely the words "times of meeting or adjournment of the house" include the hours of sitting and the arrangements for the sittings of the house.

There is one other point I should like to ask Your Honour to consider in making your ruling. If Your Honour were to say, for instance, that this motion has nothing to do with the hours of meeting or adjournment of the house but is a motion to suspend the standing order, and Your Honour were inclined to rule against the motion on that basis, would you then give us a moment to change the wording

of the motion so it would read "for the balance of this session the hours of sitting shall be"? This might bring the motion into line with what may be Your Honour's feeling as a result of its present wording. We would appreciate the opportunity to reword the motion if Your Honour feels that it is not in order under standing order 41.

Mr. McIlraith: Mr. Speaker—

Mr. Speaker: Although I would like to hear the government house leader, and so would hon. members, I am sure, I really do not think we should do so at this time. I have given serious thought to the motion proposed by the hon. member for Winnipeg South Centre, and I think I owe it to him to mention that he was thoughtful enough to give me advance notice of it at 2.30, which gave me an opportunity to consult the authorities and satisfy myself that the motion cannot be accepted on a number of grounds.

It is admitted that this is a type of motion that cannot be made at this time by virtue of the standing orders unless prior notice is given. I refer hon. members to citation 10 of Beauchesne, which reads as follows:

> A motion for such temporary suspension requires notice under standing order 41, but in urgent cases the notice can be waived under standing order 42.

Of course standing order 42 requires unanimous consent, and certainly if unanimous consent could be obtained it would not even be necessary to make a ruling on this point of order. However, the citation refers to standing order 41 on which the hon. member for Winnipeg South Centre based his case.

The hon. member referred to a precedent in 1951, which I have also consulted and which, I might say, causes a slight problem. That is based on standing order 41, to the effect that the motions allowed on routine proceedings are motions relating to the business of the house. Of course the motion relates to the business of the house, but there is no indication that notice of such motions is dispensed with. This type of motion can be considered, but they require notice. It is obvious to me that the exception dealing with the hours of sitting on one particular day was very limited in application. I am assured there is not a single precedent for it other than the one that was referred to, and it seems to me that since then our procedure has evolved. It has even been suggested sometimes that our procedure has become stagnant, but perhaps it is not that stagnant since it appears to change to the extent where Beauchesne's citation 88(2) states:

> All motions referring to the business of the house should be introduced by the leader of the house.

However, such a motion introduced by the government leader would require notice.

For these reasons I regret very much that it is not possible for me to accept the motion as presently proposed by the hon. member for Winnipeg South Centre.

Hon. Michael Starr (Ontario): Mr. Speaker, I know I am not in order in speaking on this point after you have given your ruling, but I think this is a very important matter, which will save a great deal of time in the days ahead if these particular hours of sitting are agreed to. There is considerable discussion about whether we should or should not have a dinner adjournment. I should like to ask whether there is unanimous consent to the adoption of this motion. I think we would be able to proceed in a more orderly fashion in the days ahead.

Some hon. Members: Agreed.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I am completely amazed at the method of proceeding today. There has been no request made on this subject, and no intimation on the part of the hon. gentleman opposite that any such proposal would be made. Under these circumstances I do think it would not be appropriate to adopt this motion. Since we are to consider the second reading of a bill, I do not believe any hardship will be imposed on any hon. members if we refuse consent at this time.

• (3:10 p.m.)

Mr. Churchill: I rise on a question of privilege to refute the statement made by the house leader. This matter was discussed before Christmas, and the house leader informed me that when the house opened in January he would get the consent of the house so we would not be faced with the situation of repeatedly asking for a luncheon or supper break. Nothing has been done since to obtain that consent, so we are still going through this silly procedure. On some occasions a minister will grant the request and on other occasions a minister will petulantly refuse it. This is the situation in which the house finds itself. Members generally do not want to sit through the luncheon or supper period. It was for this reason I tried to have the situation corrected.

Concurrence in Committee Report

INDIAN AFFAIRS, HUMAN RIGHTS AND CITIZENSHIP AND IMMIGRATION

CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. Milton L. Klein (Cartier) moved:

That the fourth report of the standing committee on Indian affairs, human rights and citizenship and immigration, presented to the house on Thursday, January 26, 1967, be concurred in.

Mr. Frank Howard (Skeena): This motion, Mr. Speaker, gives us an opportunity to draw to the attention of the house something which I think is not good both in so far as this particular committee and committees in general are concerned. In order to give effect to a decision of the house made in July of last year, this report asks that certain actions be taken with respect to the operations of the committee. I want to point out some of the proceedings that have taken place with respect to this committee in relation to its desire to visit Indian communities. I am not the least bit happy about most of the things that have taken place.

It may well be that the house will want to make a different kind of decision with regard to the motion before us, and accordingly, I think we should look at the record of the committee. On May 19 last the committee met and heard an opening presentation by the Minister of Indian Affairs and Northern Development. At that meeting I suggested, and I quote from the committee proceedings, page 11:

—by establishing a subcommittee and requesting permission of the house to visit these native people in their homes and villages to find out, at first hand their various problems.

The minister was quite amenable to that suggestion, except in a larger context, and he made reference to it on page 13 of the committee report as follows:

—I want to comment on Mr. Howard's suggestion. I do not think that I would be wrong in telling you that a suggestion has already been made to us along a parallel line of something in the nature of a continuing committee to do just this thing.

Farther down the page he is reported as saying:

But a continuing committee to make a check here and a check there, Mr. Chairman, I think has tremendous merit.

The committee proceeded along until June 16 of last year when it made a report to the house. I think this report is worth quoting because it indicates the desire and intention of the committee last summer:

Your committee recommends:

(1) That it be granted leave to resolve itself into three subcommittees composed of seven members each, to be named by the chairman in consultation with the subcommittee on agenda and procedure, for the purpose of obtaining further information relating to matters affecting Indians and living conditions of Indian communities, and so report from time to time to the house through the main committee.

(2) That these subcommittee be granted leave to sit while the house is sitting when meeting outside the precincts of parliament and to sit notwithstanding any adjournment of the house—

I do not know what happened to that report, but the first thing we knew the government came along with a substitute motion. Somehow or other this substitute motion was imposed upon the legitimate desire of the committee to break into subcommittees and another order of reference was passed on July 13. This order of reference, conceived somewhere in the back room, I submit, made no mention whatever of subcommittees. Instead it authorized the committee itself to adjourn from place to place for the purpose of obtaining information.

We went from July 13 until November 18 before there was a possibility of the committee even meeting to decide to what extent it was going to visit the Indian communities. This meeting did not come about even then until a question was asked in the house as to when the committee was going to meet to consider these matters. The committee met on November 18 but there was not even a quorum, not even enough interest amongst members of the committee to try to work out something practical.

Subsequently there was a meeting on November 22. At that meeting, as members who were present will recall, an itinerary was presented. This itinerary was either developed by someone who did not know the first thing about Indian affairs or did not want the committee to make an in depth examination of the problems of the Indians. The itinerary, to which I objected as did other members of the committee, was a brush-fire operation. It involved the spending of an hour here and an hour there in Indian communities except for one visit to the Indian community of Caughnawaga. In any event, the committee went ahead and endorsed the idea of that particular visit, even though most of the time would be spent in travelling and little time in meeting the people. However, there was not a

sufficient number of members of that committee who expressed a desire to go on the trip, so it had to be cancelled.

Now, near the end of January, many months after the matter was raised in the committee and a desire was expressed to have meetings of this sort, the committee once again is making a report and a recommendation which in substance repeats the report that was made in June of last year and was pushed to one side by the government. It was superseded by another motion which the government said would better serve the interests of the committee. The report before us now reads in part as follows:

In order to facilitate the implementation of this order—

That is the government order of last July.

—your committee recommends that it be empowered to appoint subcommittees of not less than five members, which will report to the main committee but will enjoy all the other powers which have been granted to the committee.

• (3:20 p.m.)

I submit that there has been an inordinately long delay in the operations of the committee, a committee which has within its grasp the full range of social and economic problems confronting the Indian people. This committee is concerned intimately with the welfare of human beings in this nation, not with something apart from the rights of people.

I think it is a sad commentary on the interest of members of the house, of the committee members and of parliament in general that the legitimate desires of those who wanted to do something worth while, constructive and instructive in the field of Indian affairs could not be met. The Prime Minister made a pronouncement the other day about the business between now and the end of the session. I think his deadline was March 10. If the session is to conclude by March 10 I submit it serves no great purpose to pass this motion because there has been procrastination and the government has been permitted to interfere in the operations of the committee ever since last June, whereas the committee might have been doing something worth while and constructive in looking into these matters during that time.

It is up to the Minister of Indian Affairs and Northern Development to bring to us something which will put into effect the suggestion he made on May 19. The minister suggested a form of continuing committee, as he put it. I submit this is what we must now do by legislation or otherwise. We must give authority to the Indian affairs committee to establish itself in such a way that it will be in continuous existence and operation. It should be a committee whose roving commission extends beyond the end of a session because we know that, under the present rules, once the session prorogues that is the end of committees for the time being and we have to start again.

I want to say also that last June the committee members, having passed the motion recommending the necessity of establishing subcommittees, desirous of and anticipating the opportunity to travel to Indian communities for the first time in the history of Canada, acting in good faith and thinking that this would be one way to make an incisive inquiry into Indian affairs, to become acquainted with the Indian people and their problems in different parts of the nation, gave only a passing scrutiny to the estimates of the Indian affairs branch with the understanding that they would have the opportunity to visit Indian communities and meet the Indians there. The committee gave a scanty examination to the estimates. In common with other committee members I also scantily examined the estimates. We felt that the motion that committee had passed in mid-June asking for authority to set up subcommittees would be agreed to. In fact, information was given to us that the government had supported that concept.

Then on July 13 we found that was not so but that there was another motion involving the full committee. The consequence was that the desires the committee had expressed last June were stifled. Now, many months later, an attempt is finally being made to try to undo the damage the government did to that committee and get back to the situation in which we were last June.

I submit that mere passage of the motion, with the time available to us between now and the end of the session, will give the committee members and those interested in the matter not much time to make any sort of examination in depth or to search out some of the crucial difficulties existing in Indian affairs. Believe me, Mr. Speaker, they are many. I do not want to go into the concern of Indian people with respect to the activities of the Indian affairs branch, but there is a growing insistence by the native people that they run their own affairs. The hon. member for Comox-Alberni (Mr. Barnett) has just shown me a newspaper clipping indicating that the Indian band at Alert Bay, not having had an

Indian agent for some time because the gentleman resigned or was transferred, has passed a motion to the effect that they will go ahead themselves and appoint their own agent, and to heck with the federal government.

I fully support that attitude. In many cases it would be just as well to have the Indian agents chosen by the Indians because this was the original concept. I only point to that as an example of the great dissatisfaction developing among Indian people. Their dissatisfaction is noticeable across the land. There was the massive march of the Wabasca people a while ago and the march of the people of the Cowichan reserve on Vancouver island who, trying to obtain redress for their housing problems, tried to march to the Indian affairs branch headquarters in Vancouver. It is shown by the situation on the St. Regis reserve, and by the complete collapse and blow-up of community development.

All these things show that there is a festering discontent. The time has long passed when parliament and the government can ignore the demand of the Indian people to do things for themselves. To look at the interests of the Indian people was the concept the committee members had last year. If the committee had had an opportunity to visit the Indians, to see some of these communities, undoubtedly it would have been able to speed alterations and changes in our Indian legislation. May I say in passing that when we heard the Prime Minister declare the business for this and the subsequent session a few days ago it was a matter of extreme regret to me and many others that he made no reference whatever to Indian affairs. This is another indication of the lack of interest of the government in this matter.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I also have been disturbed by what has happened in this committee. I intend to support the motion because it may do something to remedy the damage that has been done. The difficulty that has arisen in this committee and in the committee system generally arises from the fact that the whole system has broken down. Too many committees have sat at the same time. There have been too many meetings and too many members trying to be in two places at once and not managing to do so. Too many committees have travelled at a time when other committees have been trying to sit.

This committee, as has been said several times, made an effort to organize itself to make trips to Indian reserves. Departmental officials tried to organize the trips in some instances but the results were not satisfactory. The timetable was too short. Frankly, the members did not co-operate to make these trips a success.

I support the motion only because, by reducing the number of members who will go to Indian reserves, something may now be done. It was well that the hon. member for Skeena raised this point because he has shown not only what has happened in this committee but what has happened to many committees of the house during the session. The whole affair has been badly managed. Too many committees have sat at the same time and too few members have been able to attend each committee. I believe that all of us have to reconsider our position in connection with committees. If the members on the government side in charge of the organization of committees cannot arrange to cut down their number, then we shall have to insist on more members making a tremendous effort to get to these meetings.

• (3:30 p.m.)

I believe I am a member of five or six committees and sub-committees, but I find that the situation in this particular committee is the worst of all. I understand that through no fault of the chairman or of any individual it has been jammed in with other committees. This has led to a bad experience for those who serve on it, and for the Indians, too. On at least one occasion, and perhaps on two, the Indian representatives were prepared to appear before the committee and the meeting had to be cancelled.

I support the motion, and I certainly hope that in the new session a great deal more thought will be given to the amount of committee work members of this house can handle. The number of these committees will have to be reduced, and members will have to attend the meetings better if they are to be successful.

Mr. G. W. Baldwin (Peace River): I wish to support the proposition advanced by the hon. member for Skeena and referred to by the hon. member for Parry Sound-Muskoka, and I want to do so in a non-partisan fashion. Behind the bland façade of this motion lies one of the most shameful chapters in Canadian history.

The intent of this committee, approved by the minister, constituted a genuine effort on the part of members of this house to direct attention in a really positive way to some constructive suggestions. The trouble is there

has been a mere trickle of facts and help concealed in a veritable waterfall, a Niagara of words. There is need for more than that. This was to have been an attempt by members of this house to take justice out to the areas where justice was needed, an attempt by members of this committee, divided into subcommittees, to go to areas where there were genuine problems, really serious and difficult problems.

I know that when I went back to my constituency in the summer I spoke to band councillors five or six hundred miles north of Edmonton saying that this was what the parliament of Canada intended to do, and that in due course there would be official visitors in the shape of members of parliament going to those areas, as subcommittee members, to talk to the people. The very fact that a microcosm of parliament was ready to appear on an Indian reserve and was willing to entertain objections and complaints, the legitimate complaints of the people in that area was a wonderful thing.

I know the minister's views. I think he felt the same way. I think this illustrates the almost complete breakdown of our committee structure. We hear a lot of talk about parliament reforming itself. I do not think parliament wants to reform itself. I do not think it knows how. I will not refer to matters which have been decided by the house. I did attempt to inject a method by which members of the house could take some authority into their own hands and deal, in committees or subcommittees, with urgent problems as they rose without having to wait for government action. This suggestion was rejected.

I hope the committee on procedure which is being set up will take due note of what has been said here today, and direct its attention to this serious problem. If the committees are to work properly a great deal more attention will have to be paid to their organization. If they do not work, then I do not think parliament will work.

Mr. David Orlikow (Winnipeg North): I will support this motion in the spirit in which the hon. member for Fraser Valley supported the minister earlier when he dealt with the statement on housing. I will support this motion because there is really nothing else one can do at this stage. It should be obvious to every member of this house that there is not much a committee can do during the short period of time which remains before this session of parliament comes to an end.

As happens toward the conclusion of every session, we are confronted with a heavy backlog of work. Members find it difficult to agree upon a time at which they can be away from the house. It seems to me the house should approve the motion proposed by the chairman of the committee, but that the government should give consideration to setting up the new committee very early in the new session so that in 1967 the committee can do the work it was unable to do in 1966.

I wish to join with the hon. member for Skeena in deploring the kind of itinerary which was proposed for the committee. The major reason I said I would not make the trip when I was asked to do so was that it is completely useless for a member of a committee to spend an hour or two on a reserve. Those of us who know anything about Indians—most of us are not very knowledgeable, and this includes all members of the house on all sides, including most of the people we have had as ministers; this is not a criticism—know that if a committee goes into a reserve for two or three hours the only things members have an opportunity to learn are the things which the department wants them to learn, the things which the deputy minister, the commissioner and the agent want them to learn. The agenda is lined up. The speakers are lined up. What members of the committee hear is the official line. Surely every member of the house recognizes that often there is nothing so misleading as the official line.

I was one who attended the meeting at which members of the Ontario Union of Indians made representations regarding their hunting rights. I can tell the minister that the Indians who were present were most dissatisfied with the response they received. I can tell the minister, in case he does not know, that there is a great feeling among the Indians across this country that the community development program announced with such great fanfare a couple of years ago is now in a state of complete disorganization, and that among Indians and people interested in Indian problems there is a feeling that the whole program might as well be washed out altogether because it is nothing, really, but a paper plan.

One merely needs to look for the people who came into the department to plan this program to see that hardly any of them are left. They have gone. One went to the Prime Minister's anti-poverty secretariat, another to a teaching post at a university; a third, who was on contract, did not have his contract

renewed. Why did all these people leave? This is something the committee should look into. I hope the committee will look into this matter in depth after we have had the opportunity to visit some of the reserves.

I will support this motion. I hope the committee will get on and do its work not only in the next month or two but very early in the 1967 session.

Mr. Raymond Langlois (Mégantic): On this issue, my hon. friends and I agree entirely with what the hon. member for Skeena has stated. I do this even at the risk of being called an N.D.P.'er. I do not mind that. I have been called worse than that; I have been called a Liberal.

The minister himself might well do something about this matter. Possibly he would agree to the establishment of a permanent commission to look into these problems and follow them up day after day so that parliament may have a correct understanding of whatever measures may be called for. It occurs to me that such a commission might not only be set up immediately, but that it might be carried on in the session which lies ahead so as to avoid any interruption to its work.

• (3:40 p.m.)

The committee was in favour, as pointed out by the hon. member for Skeena, of making contact with these people, who at the moment are under the impression that they are completely forgotten by the federal government and their fellow Canadians. After all, Mr. Speaker, they were the first citizens of this country, and I think they should receive justice and that the demands they have the right to make should receive attention.

I think the minister should take under due consideration at this time the representations made by hon. members, including his own colleagues in the committee, to the effect that the committee could very well be set up now. I am only sorry that it has not been set up before this date because it could have been making very useful reports. We have lost many months, and it would be a shame to lose more time as a result of procedural difficulties or because someone is holding the cart from behind. I say, get that guy away from the cart, get the wagon rolling and let this committee do its work.

Whether this should be a standing committee, a special committee or whether a royal commission should be appointed does not matter so long as it is able to do its job. I do not see why the minister cannot agree to its establishment today and to its carrying on its work in the new session. For my part I wish to state that I entirely agree with the remarks of the hon. member for Skeena and I also think that this is the opinion of my colleagues.

[Mr. Orlikow.]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I am a member of this committee and I can endorse everything that has been said by those who have spoken up to this moment.

There is one observation I should like to make which I think has some significance. One of the reasons for the difficulties into which this committee has fallen arises from the fact that the members who are interested in Indian affairs are to a large extent also interested in the activities of another committee which covers the functions of the new Department of Indian Affairs and Northern Development. I serve on both the northern affairs committee and the Indian affairs committee. During the past year the northern affairs committee has been most active in travelling through the north and visiting some of the national parks. It is for this reason that many of us who found ourselves on both committees were unable to divide our interest and participate in the planned itinerary of the Indian affairs committee. I have raised this point before, and it is the responsibility of the government to resolve the dilemma.

Many of our committees are still functioning on the basis of the old organizational set-up of the various government departments. I believe we can partially resolve the dilemma of the Indian affairs committee if we organize a single committee to cover all the activities of the new Department of Indian Affairs and Northern Development.

Hon. members have mentioned the point that the announcement that subcommittees of the main Indian affairs committee would be making personal visits to reservations was received with great enthusiasm by the first Canadians across the country. Nothing has happened and a sense of disillusionment has inevitably resulted.

This has been the case with other announcements which have been made during recent months with respect to Indian affairs. Elaborate programs for housing and other amenities on reservations have been announced, but up to the present time it has not been possible for the people on the reservations to get details from Indian affairs officials in the field about these programs and how they are being implemented.

Because of these difficulties, and because of this growing disenchantment, over the week end I organized a meeting in my own constituency which brought together the representatives of all the neighbouring reservations, some five in number, in a face to face confrontation with officials of the department. As a result of this meeting I can agree with the hon. member for Skeena that our Indian citizens are disappointed, disenchanted and extremely vocal in expressing their opinion of the recent announcements, all of which have tended to support their belief that the white man speaks with a forked tongue. Last Saturday, Mr. Speaker, I listened to complaints which have been re-echoed in this chamber this afternoon. We had Senator Gladstone, the Indian senator, with us. He was able to speak to his people in that part of Canada and try to open channels of communication. I can assure the minister responsible as well as hon. members that more than words are needed in dealing with the problems of our first citizens. We need action. We can no longer proceed on the basis of propaganda which is announced with a great fanfare and publicity and which creates a vacuum of expectations resulting in the sense of disillusionment that now prevails. The sooner we can get this resolution approved and can visit some of these reservations and have face to face contacts with the Indians, the sooner will the problem be resolved. Therefore, Mr. Speaker, I heartily endorse the motion.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I did not intend to participate in this brief debate but there is one point I should like to make. There is no doubt that the government is responsible for some of the difficulties in which we find ourselves. With regard to the particular instance with which we are dealing here, the question of the Indian affairs committee visiting the reserves, I should like to submit that there is only one group at fault and that is the members of the committee themselves.

As a member of the committee, Mr. Speaker, I recall when we tried to organize these trips. We were not very successful. The first attempt we made was a meeting with the elected Ontario Indian chiefs in Toronto. The government went so far at that time as to provide an aircraft for our transportation. Six or seven members went, not more. It was only a one day effort.

It is very nice to know that hon. members are now taking renewed interest in the affairs of the department of Indian affairs since it has run into a certain amount of political hot water, but I would suggest that instead of listening to a lot of the nonsense that has been said here this afternoon hon. members of the committee should take a look at themselves to see what they have done in trying to organize visits by the committee.

As I say, Mr. Speaker, I support this movement. I should like a much more active interest to be taken in Indian affairs, and it seems to me that the people who should take this more active interest are the members of the committee themselves.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I had no intention in becoming involved in this discussion until I heard the last speaker. He is a young member, but I think he should be ashamed of the representations he has made in the last few minutes on behalf of his riding. I say that for the simple reason that he comes from an area where there is a very great problem, as there is in all northern Ontario, in relation to Indian affairs.

• (3:50 p.m.)

I think most members of this house were of the opinion that the new minister was going to do something which had not been done before. We were willing to allow the committee members to make the decision concerning how this problem should be solved. I do not think there is anyone in this house who is not aware of the fact that the agents on the Indian reserves have failed to relate the problems of the Indian to modern society. In some areas the problems of the Indian are handled in such a way that one might think we were still living in the days when the treaties with the Indians were signed.

The young member who just spoke referred to the fact that members of the committee should be criticized because they did not participate in the trips which were outlined. I think it is his responsibility and that of his colleagues on that side of the house to violently protest the operations of the Indian affairs branch and the direction they give. It will be no more apparent to anyone than it is to him that the problems will not be solved for some time, and must be solved by individuals.

Mr. Reid: Mr. Speaker, may I ask the hon. member a question? Is the hon. member aware that the committee was not bound by the proposed itinerary which was set out by the Indian affairs branch.

Mr. Peters: Yes. I am also aware of the fact that the committee made the decision that

they would have subcommittees of seven or eight members which would attend these Indian reserves on an itinerary on which they decided some time early last summer with the co-operation of the minister.

I should like to refer to the itinerary which most of the members of the committee were not interested in following. On Friday they would leave for the Caughnawaga reserve. They would leave here at seven o'clock in the morning and spend eight or ten hours on the Caughnawaga reserve where they would have a tour and meet with the chief and the council. I have been to the Caughnawaga reserve many times and I am sure I speak with some knowledge when I say it would be impossible in that time for an organized group to meet with the chief and the band council and complete an investigation of the many things that would be brought up in respect of that reserve.

The next day they would be at the Caradoc agency from 12.45 p.m. until 1.45 p.m. when they would meet with the Oneida council in the council hall. Between 2.30 and 3 p.m. they would meet with the Chippewa and Muncey councils at Mount Elgin school. Then between 4 p.m. and 5 p.m. they would meet with the Moravian council at the band hall.

On the second day they would have three hours during which they would meet with the Indians at a formal meeting and, in my opinion, would have no opportunity to speak to the people there in order to discuss their problems. On Saturday they would have from one to one and a half hours to meet with the chief and council of the Sarnia reserve. They would have a maximum of three hours in which to meet with the chief and the council and tour the reservation on Walpole island. At 3.30 p.m. they would have an hour or an hour and a half after arriving at Kettle Point to meet with the chief and council and tour the reservation. On Sunday they would have approximately five and a half hours in which to meet with a large number of band councils and would have very little time in which to observe and investigate the problems which are facing the Indians. On Monday they would be on Christian island and would have a maximum of four and a half hours in which to tour the island and discuss problems with the band council.

Mr. Chairman, if the young member is wondering why some of the members were not impressed by this kind of a tour, then he fails to understand the real problem. As the hon. member for Skeena said, this is what the Indian agents submitted as to how members of parliament should investigate the problems which affect Ontario Indians. This is the kind of inspection the mine inspectors made of the mines which I worked in. They would phone to the mine and say that they would be there to make an inspection. They would arrive and make the inspection the following day. In the meantime the part of the mine which would be on the inspection tour would be all cleaned up. The safety conditions would be no better than they were before the inspector arrived except along the route that had been planned.

In the case of this itinerary it is no wonder that some hon. members objected. I have not given the complete itinerary but merely the time in which members would have an opportunity to hear the objections and representations made by the Indians. Considering the time involved in arriving and leaving, they would have ten hours to hear the representations by the councils.

I think every member of parliament is concerned about the problems which face the Indian today. I am certain there is not a member of this house who has not read with interest and certainly a great deal of shame the reports concerning the Indian community in Kenora over the last year. I am sure there is no one who is not of the opinion that the House of Commons must give direction to the Indian affairs branch through the minister. With the advice he received from the committee the minister must modernize the treatment which is provided for the Indian population.

Yet we see members of the committee being critized. I am not a member of this committee, so this criticism is not directed to me. However, the members of the committee are criticized because they will not participate in the Cook's tour engineered by the Indian affairs branch which obviously will not accomplish anything. Such a tour would show the members of the committee that we have Indian reserves at five or six places. They would receive a first class view of those places and would have an opportunity to hear some of the leaders outline the problems which the members of the committee have heard over the years when Indian delegations have appeared before them.

I think it behooves us to exert more influence on the chairman of the committee and on the government so that instead of having motions such as this we will see some action in respect of the things which I believe the

minister has in mind. On a number of occasions in this house the minister has outlined some proposals which I thought were very useful. I was pleased about the support he gave members of the committee when they wished to break up into groups so they could go out and spend two or three days mingling with the Indian people on the reservations in order to find out from the Indians who are not necessarily members of the council what problems they have. The hope was that in this way they would have an opportunity to get to know these people and hear about their problems at first hand. I approve of the support the minister gave to this suggestion.

• (4:00 p.m.)

I now am surprised to find that this has not been brought to fruition, and rather that the committee now is asking for permission to do something which they had permission to do back in June. It is time we faced up to our responsibilities and insisted that the Indian affairs branch must not dictate to the committee, but that the committee should have a free hand to draw up its own agenda and decide what steps should be taken to make conditions more palatable for our Indian population across Canada.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to say a few words on the motion now before us.

Judging the remarks we have just heard, it is quite clear that the whole committee system does not seem to work. In fact, after 12 and even 13 months of this session, we have not yet succeeded in organizing this committee. I have also noted that on all sides, the main complaint is that too many committees are sitting and that members are sitting on too many committees.

I just heard the hon. member for Parry Sound-Muskoka (Mr. Aiken) say a while ago that he is sitting on five or six committees.

Not so long ago the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) also admitted that he was a member of five or six committees, so that he was unable to attend them all which of course keeps them from having a quorum. I admit that the members who were chosen to sit on various committees have the required experience and competence to do so.

Mr. Speaker, I should also like to point out that two members do not sit on any committee. Complaints are made that too many committees sit simultaneously and that it is difficult to have a quorum. Well, I remind the house that the member for Sherbrooke (Mr. Allard) and myself do not sit on any committee, that we are systematically deprived, voluntarily and deliberately, of membership on any committee of the house whatsoever. The house is faced with some problems but let it not complain about it for it has only itself to blame for that because it refuses to accept two members who want to do some committee work, as they have shown and proved in the past.

Mr. Speaker, we attend committee sittings and we question and seek information. For my part, while I am not a member, and while I cannot help make a quorum, which is not even reached at the committee on finance, trade and economic affairs, nevertheless I attend the sittings and ask questions. This is surely evidence of a member's eagerness to do his job and the same is true for the hon. member for Sherbrooke (Mr. Allard). While the other members are all complaining that there are too many committees sitting simultaneously, the hon. member for Sherbrooke and I are denied any participation in committee work; in my opinion, we are victims of systematic discrimination.

Mr. Speaker, I think that the main problem with regard to committees—if their work poses a problem—is that they are badly organized and that no effort is made to appoint those who can serve and are interested in doing so. People are named simply so as to make up the total number of members, and therefore I think the hon. member for Villeneuve (Mr. Caouette) was right when he said over the week end that almost half the members of this house are no more than rubber stamps.

Mr. Speaker, I should like to call your attention to another point. I feel that committees do not serve their purpose, precisely because the ministers concerned have no interest in them. A while ago members of the New Democratic Party made very appropriate interventions, showing their concern for problems relating to Indians and Eskimos. One would wonder if the minister himself is as much concerned as the other hon. members.

Here is a typical example to illustrate what I am saying. Ever since the committee on finance, trade and economic affairs began consideration of Bill No. C-222, the hon.

member for Edmonton West (Mr. Lambert) has been trying to find out either from officials or all the other witnesses, the exact meaning of the word "bank", and what the minister means by "banking". Surely, the repeated inquiries of the hon. members for Edmonton West and Kamloops (Mr. Fulton) and those of others, with respect to the meaning of the words "bank" and "banking", have been brought to the attention of the Minister of Finance (Mr. Sharp); but the hon. minister has yet to attend a sitting of the committee, even though this is probably one of the most important bills to be presented this year, if not the most important since he was appointed Minister of Finance. Are they going to tell me that the minister is interested in the committee?

The committee is trying to study, to analyse and to vote on the legislation proposed by the minister who does not even attend the sittings. If the minister does not come to the committee sittings, how can you ask the hon. members to be interested, when the one mostly concerned, that is the Minister of Finance, does not even attend? The minister has not yet attended one sitting of the finance, trade and economic affairs committee when we are studying his bill to amend the Bank Act, which, in my opinion, is probably the most important that the Minister of Finance will ever present during his career.

Mr. Speaker, obviously one does not have to look very far to realize the stagnation in which the committees are floundering. Why have the committees floundered into stagnation? It is first, because the ministers are not concerned about the committees, are not concerned about the legislation they send to the committees, and also because there is a whole group of members who try and protect the bills in the absence of the minister rather than work out measures acceptable to everyone and accepted by all.

Furthermore, there is another committee problem. At the present time, the government—and I am not afraid to accuse the government, the house leader, the right hon. Prime Minister (Mr. Pearson) and the whip of the Liberal party—practises a discrimination and an intolerable injustice, in a so-called democratic country, against the hon. member for Sherbrooke and myself.

[*English*]

Mr. Deputy Speaker: Order, please. If the hon. member for Cartier speaks now he will close the debate.

[Mr. Grégoire.]

Mr. Klein: Mr. Speaker, I think at the outset we must agree that the number of our committees is too large, as a consequence of which it is difficult at times to obtain a quorum. In respect of the situation now under discussion, it was impossible to obtain a quorum to make these trips. As just pointed out by the hon. member for Brandon-Souris, one reason for these trips not being made is that many members of the Indian affairs committee are also members of the northern affairs committee, and at the time these trips were to be made the northern affairs committee was slated to make a trip to the northern part of Canada.

The fact that these trips did not take place is a reflection on the members of all parties in this house. Perhaps the reason they did not take place can be related to the fact that they were not glamour trips. Had they been trips to Paris, France. I am sure we would have had no difficulty in getting a quorum. Members on all sides of the house were not interested in making these trips, and that is the fact of the matter.

I am amazed that the hon. member for Skeena should raise this issue in the forceful manner he did today. He is the hon. member I have found it most difficult to get to attend steering committee meetings. When he attended those meetings he always apologized for being late. It is just as much the duty of a member of a steering committee to see that a committee functions as it is of any other member. The hon. member never raised this matter at a steering committee meeting or at a full committee meeting. He waited until there was a full press gallery before raising this in the manner he did.

Let me inform the hon. member for Skeena that I have bent over backward to please him on every single occasion we met. The fact that these trips did not take place can be directly related to the fact that he could not attend. If some of the trips did not occur, it was because he could not come. We wanted everybody on that committee to come. It is shocking that the hon. member should stand up here and make the kind of spectacle that he made of himself this afternoon.

• (4:10 p.m.)

An hon. Member: He was looking for headlines.

Mr. Klein: But we have come to expect that from that section of the house, which must now be recognized as the angry old men.

Some hon. Members: Hear, hear.

Mr. Klein: The committee met in Toronto with the Indian chiefs of Ontario, and the hon. member for Skeena was not there. We suggested a trip to Caughnawaga, and the hon. member for Skeena said he could not make it on a certain day last week, so we did not proceed with the trip until the hon. member for Skeena was able to make it. We did this because we wanted to rely on the experience the hon. member for Skeena has in matters of this nature. But to use this occasion to play that kind of politics is something that the country ought to know about.

Some hon. Members: Hear, hear.

Mr. Klein: We ask that this motion pass. It is the intention of the committee to divide itself into small committees and visit as many communities as possible throughout Canada. While we are laying blame I must mention the co-operation I have received on this committee from the hon. member for Brandon-Souris (Mr. Dinsdale), for which I compliment him. He has been present at every single meeting. I am not asking him to do so, but I think he will bear me out when I say that at numerous steering committee meetings the hon. member for Skeena never presented himself, never came to the meetings, and when he did come he apologized for being late.

Mr. Howard: Mr. Speaker, perhaps the only way I can do this is by way of a question of privilege.

Mr. Speaker: The hon. member for Skeena now rises on a question of privilege.

Some hon. Members: Oh, oh.

Mr. Howard: I do that, Mr. Speaker, because it is the only way I can get the floor to refute what are a number of untruths.

Mr. Speaker: Order, please. The only way the hon member can rise now is on a legitimate question of privilege. He cannot tell the Chair that he is using this as a subterfuge to carry on a debate. If he has a question of privilege I will hear him out.

Mr. Howard: I would not presume to do things by way of subterfuge, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Howard: The chairman of the committee indicated that I never attended steering committee meetings. The one I missed was on December 7. I have a note of it here. I missed that because notice of the meeting came to my office late in the morning and the meeting was to be held at three thirty o'clock that day. I did not have the opportunity and time to attend that particular meeting.

The hon. member accused me of not wanting to go to Toronto in order to meet with some people there. I was unable to go, and got in touch with my colleague the hon. member for Comox-Alberni, who went in my stead, to make sure that someone would fully represent us at that particular meeting. With respect to the meeting to be held at Caughnawaga, the hon. member said it was not held because I could not go on a particular day. I would point out that the committee went to pains to ask whether I would be available to go at a particular time and I told the committee, in full view of the chairman, who was there and heard it, that the committee should not make its plans to make visits rotate around my ability to go, that if they wanted to go they should make the plans and I would try to fit in with them.

The hon. member also made reference to the fact that I had not objected to the committee calling a vote with regard to the itinerary which the hon. member for Timiskaming placed on the record. I point out that I was the only member in the committee who objected to that, and when the vote was taken I said I wanted to record my vote against the particular trip because they were one hour visits. I was followed by the vice chairman agreeing with me and the hon. member for Châteauguay-Huntingdon-Laprairie (Mr. Watson) who when asked the same thing agreed that it was the wrong type of thing to do.

When the chairman of the committee points out that one of the reasons the committee has not been able to function properly is because of its conflict with the northern affairs committee.

Mr. McIlraith: Mr. Speaker—

Mr. Speaker: Is the government house leader rising on a point of order?

Mr. McIlraith: Yes, Mr. Speaker. I respectfully suggest that what the hon. member is now doing is taking a second opportunity to debate the subject matter of this motion, and he is not dealing with a question of privilege. He has not mentioned any question of privilege so far in his remarks.

Mr. Peters: The Speaker will decide that.

Mr. Howard: Mr. Speaker, I realize the desire of the house leader to protect his members who are in error—

Some hon. Members: Oh, oh.

Concurrence in Committee Report

Mr. Howard: —but the fact of the matter is, and I say it to the chairman of the committee, that he has told in this house a number of falsehoods in respect of my activities on that committee, and I am refuting those by reciting what occurred.

May I say that one of the major reasons there is not now a conflict between the membership of the northern affairs committee and the membership of the Indian affairs committee is that as of last Wednesday there were only six members of the northern affairs committee who were also on the Indian affairs committee. The conflict come about because the chairman of the committee is also the chairman of the immigration committee and is far more concerned with people coming from other countries than he is with our Indian people here.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. The hon. member is not at the moment, in my estimation, dealing with a question of privilege. He is obviously refuting the allegations, alleged to be wrong, made against him, and I am wondering whether this is proper debate. Allegations were made by the hon. member for Timiskaming against the hon. member for Kenora-Rainy River, and allegations were made about the hon. member for Skeena which he is trying to answer now. This might lead to a rather protracted debate.

Mr. Howard: I would just wind up my question of privilege by pointing out, Mr. Speaker, that it is obviously partisanship, because everybody who spoke on this side of the house agreed with the points I was making.

Mr. Roxburgh: I rise on a point of privilege, please, Mr. Speaker.

Mr. Speaker: Order. I will first rule that there was no obvious or apparent question of privilege in what was raised by the hon. member for Skeena. I will now hear a second question of privilege raised by the hon. member.

Mr. Roxburgh: Mr. Speaker, as deputy chairman of the committee I have listened to what has been said, and had absolutely no intention whatsoever of taking part in the debate, because this is exactly what it has turned out to be. But the last statement made by the hon. member for Skeena is, I think, absolutely incorrect, because he knows that the hon. members on this side of the house, and he has also already mentioned—

[Mr. Howard.]

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member—

Mr. Roxburgh: Mr. Speaker, I will now talk about myself personally. The hon. member for Skeena has also mentioned my name, and that is the reason I have risen. I, along with other hon. members on this side of the house, have been and am as keenly interested in the Indian people as any hon. member on the other side of the house. There has been possibly a certain amount of misunderstanding on a number of occasions. But as far as the over-all picture is concerned, I just wanted to say that when he makes the statement about hon. members on this side of the house, he is absolutely wrong. I just wanted to clarify that matter. I am sure if he is the gentleman I expect he is, he will acknowledge that fact.

Mr. Howard: I wonder, Mr. Speaker—

Mr. Speaker: Order, please. I hope the contribution of the hon. member for Norfolk has closed the debate and that we can now go on to another matter. Is it the pleasure of the house to adopt the said motion?

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

REFUNDS OF OVERPAYMENTS UNDER PENSION PLAN

Question No. 1,781—**Mr. Stanbury:**

1. Has the government assessed the proposals made to it on June 22, 1966, by major Canadian trade associations regarding overpaid employer contributions under the Canada Pension Plan?

2. Have all these proposals or any of them been found to be feasible, and, if not, for what reasons?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1 and 2. The proposals made at the meeting of June 22, 1966, by Canadian trade associations did not relate to the interpretation of the provisions of the Canada Pension Plan but rather to the effect of their application as presently enacted. The implementation of any of these proposals would require amendments to the Canada Pension Plan as passed by parliament and, therefore, if considered in the public interest, will be introduced in the usual manner at the appropriate time.

STATISTICS RESPECTING DEATH SENTENCES

Question No. 2,025—**Mr. Bell (Carleton):**

1. Since the publication of the supplementary table, capital case statistics for Canada at page 65 of the white paper on capital punishment, how many persons, by years, (a) have been sentenced to death (b) have been executed (c) have had sentences of death commuted (d) have been sentenced to death but whose cases are (i) before the courts (ii) awaiting decision of His Excellency the governor general in council?

2. What disposition has been made of the cases of the persons shown on the said supplementary table as still being before the appeal courts, showing by years, how many (a) had their appeals granted (b) were executed (c) had sentences commuted?

3. In respect of all cases subsequent to May 6, 1965, what were the leading characteristics of the case, the information being classified on the same basis as table D at pages 100 to 103 inclusive of the white paper?

Hon. L. T. Pennell (Solicitor General): 1. (a) May 25, 1965 to December 31, 1965, 10; 1966, 12. January 1, 1967 to January 27, 1967, 1. (b) May 25, 1965 to December 31, 1965, 0; 1966, 0, January 1, 1967 to January 27, 1967, 0. (c) May 25, 1965 to December 31, 1965, 3; 1966, 2. January 1, 1967 to January 27, 1967, 0. (d) (i) May 25, 1965 to December 31, 1965, 3; 1966, 9. January 1, 1967 to January 27, 1967, 1. (d) (ii) As of January 27, 1967, 0.

Note: In accordance with the practice in recording such statistics, each case is carried through to its conclusion under the year in which the sentence was imposed. Thus the two cases shown under 1 (c) for 1966 were actually commuted on January 24, 1967. The cases shown under (d) (i) are presently before the appeal courts. It should also be noted that in the period May 25, 1965 to January 27, 1967 there were five capital cases in which new trials were ordered which did not result in subsequent convictions for capital murder.

2. (a) 1962, 0. 1963, 0. 1964, 1*. January 1, 1965 to May 25, 1965, 0. (b) 1962, 0. 1963, 0. 1964, 0. January 1, 1965 to May 25, 1965, 0. (c) 1962, 1. 1963, 1. 1964, 0. January 1, 1965 to May 25, 1965, 4.

* In this case the accused was again convicted of capital murder on his second trial.

Note: Two of the cases shown as sentenced to death in the period January 1, 1965 to May 25, 1965 are still before the appeal courts.

3. The cases subsequent to May 6, 1965 up to and including January 27, 1967 are shown on the following table.

ANNEX TO TABLE D OF APPENDIX I ENTITLED "CAPITAL PUNISHMENT: MATTERS RELATING TO ITS OBJECT AND ITS VALUE", SO AS TO INCLUDE THE RELATED DATA UP TO JANUARY 27, 1967

Case	Age	Date of decision by Governor in Council	Motive	Recommendation of mercy		Murdered	Murder Weapon	Whether murder premeditated	Mental condition	Commuted or Executed
				Jury	Judge					
86	18	Nov. 10, 1965	Escape arrest.....	Yes	Yes	Policeman	Revolver	No	Non-psychotic and no evidence of neurosis	Commuted
87	21	Nov. 10, 1965	Robbery.....	Yes	Yes	76 year old man	Boot-lace (strangled)	No	Mentally defective and severe alcoholic	Commuted
88	43	Nov. 29, 1965	Sex (pervert).....	No	No	13 year old boy	Hands	Yes	Sexual psychopath showing psychotic behaviour	Commuted
89	64	Nov. 29, 1965	Revenge.....	Yes	No	Middle aged farmer	Homemade bomb	Yes	Psychic enfeeblement of psychotic character	Commuted
90	25	Nov. 29, 1965	Robbery.....	No	No	Bank customer	.308 calibre rifle	No	Paranoid schizophrenic	Commuted
91	19	Jan. 14, 1966	No immediate motive.....	No	No	Penitentiary guard	Knife	Yes	Sociopathic personality disturbances	Commuted
92	25	May 12, 1966	Jealousy.....	*	Yes	Estranged wife	.22 calibre revolver	Yes	Psychopathic personality	Commuted
93	24	Aug. 3, 1966	Robbery.....	No	No	Asst. manager of Trust Co.	.357 revolver	No	Sociopathic personality disturbance, neurological cripple.	Commuted
94	28	Oct. 6, 1966	Robbery.....	Yes	No	Bank manager	.32 calibre pistol or revolver	No	Refused to be examined	Commuted
95	31	Jan. 24, 1967	Jealousy and revenge	Yes	Yes	Sister-in-law	.303 calibre rifle	Yes	Not psychotic but neurotic complex, disturbed and irrational	Commuted
96	36	Jan. 24, 1967	Jealousy and revenge	Yes	Yes	Common law wife	.270 calibre rifle	Yes	Not psychotic but emotionally unstable	Commuted

*Trail by judge alone.

NOTE: The classifications "Whether murder premeditated" and "Mental Condition" are in accordance with the foot-notes to Table D. The latter classifications are Departmental assessments based upon the opinions of various medical experts not all of whom were engaged by the Department of Justice.

CANADIAN PRODUCTION AND SALE OF NUCLEAR FUEL

Question No. 2,336—**Mr. Schreyer:**

In each of the last five years what was the total Canadian nuclear fuel production for each category or kind and of this amount, how much was sold to (a) European Atomic Energy Community (b) other sources?

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): The information requested is not available as its publication would involve disclosure of information with respect to individual businesses obtained by the atomic energy control board under or by virtue of the atomic energy control regulations.

BILINGUAL EMPLOYEES IN IMMIGRATION OFFICES ABROAD

Question No. 2,381—**Mr. Allard:**

Regarding the answer to question No. 2,186, what is the number of civil servants or employees whose mother tongue is French and what is the number of bilingual civil servants or employees, in the 34 cities abroad where the Department of Manpower and Immigration maintains immigration offices?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): Within the department's knowledge of its Canadian employees now posted to the offices referred to in question 2,186, there are 25 whose mother tongue is French and 68 who are bilingual in French and English.

[*English*]

NATIONAL EMPLOYMENT SERVICE

Question No. 2,383—**Mr. Knowles:**

1. What was the total number of vacancies listed by employers with the National Employment Service during the period from January 1, 1965, to November 30, 1965?

2. For how many persons did the National Employment Service find employment during the period from January 1, 1965, to November 30, 1965?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. The total number of vacancies listed by employers with the National Employment Service during the period from January 1, 1965, to November 30, 1965, was 1,517,084.

2. The National Employment Service found employment during the period from January 1, 1965, to November 30, 1965, for 1,144,749 persons.

MANPOWER DIVISION, MANPOWER AND IMMIGRATION DEPARTMENT

Question No. 2,384—**Mr. Knowles:**

1. What was the total number of vacancies listed by employers with the offices of the manpower division of the Department of Manpower and Immigration during the period from January 1, 1966, to November 30, 1966?

2. For how many persons did the offices of the manpower division of the Department of Manpower and Immigration find employment during the period from January 1, 1966, to November 30, 1966?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. The total number of vacancies listed by employers with the offices of the manpower division of the Department of Manpower and Immigration during the period from January 1, 1966, to November 30, 1966, was 1,440,578.

2. The offices of the manpower division found employment during the period from January 1, 1966, to November 30, 1966, for 1,071,160 persons.

MONT-JOLI AIRPORT

Question No. 2,401—**Mr. LeBlanc (Rimouski):**

1. In what year or years was the Mont-Joli airport constructed?

2. What was its total cost?

3. What was the cost of construction for the three runways?

4. What major improvements have been made to it since its construction?

5. In what years were these improvements made?

6. What was the cost of each of these improvements?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Airport construction extended throughout period 1940 to 1947.

2. $3,059,491.

3. $1,735,019.

4, 5 and 6. Runway improvements, 1949 to 1951, $322,780; Runway improvements, 1955 to 1956, $251,652; New buildings and services, 1956 to 1958, $77,921; Standby power plant, 1959, $19,829; Lighting runway 16-34, 1961 to 1963, $22,848.

*DESIGN OF NEW INCOME TAX FORMS

Question No. 2,415—**Mr. Smallwood:**

1. Were tenders called for the design of the new income tax forms?

2. If so, how many were submitted and who were the firms, and the respective amounts?

3. Why was the Department of National Revenue not capable of this assignment?

4. Was $44,000 expended on the design of the new forms and, if so, why?

5. Which firm was the successful bidder?

Questions

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): 1. No, the creative work on the new forms was incorporated as part of the over-all advertising contract for the filing period relating to 1966 returns.

2. Not applicable.

3. The Department of National Revenue does not maintain its own graphic arts design staff.

4. A total of $43,711 was spent developing the new returns and guides, in English and French. A large part of this expenditure was for typesetting, the preparation of preliminary drafts and for early colour proofs used for checking, for testing and improvement.

5. Not applicable.

*BADGES FOR POSTAL EMPLOYEES

Question No. 2,423—**Mr. McCleave:**

Is the Post Office Department proposing to issue new badges for postal employees and, if so, what words and symbols will the badge contain?

Hon. Jean-Pierre Côté (Postmaster General): The Post Office Department is not proposing to issue new badges for postal employees.

PENSIONS OF RETIRED CIVIL SERVANTS

Question No. 2,426—**Mr. Knowles:**

1. How many retired civil servants are receiving pensions of amounts within each of the following brackets (a) less than $20 per month (b) $20 to $29.99 per month (c) $30 to $39.99 per month (d) $40 to $49.99 per month (e) $50 to $59.99 per month (f) $60 to $69.99 per month (g) $70 to $79.99 per month (h) $80 to $89.99 per month (i) $90 to $99.99 per month (j) $100 to $149.99 per month (k) $150 to $199.99 per month (l) $200 to $249.99 per month (m) $250 to $299.99 per month (n) $300 per month and over?

2. How many widows of retired civil servants are receiving pensions of amounts within each of the brackets indicated in the above question?

3. What is the number of retired federal civil servants and also the number of widows of retired federal civil servants presently residing in each province?

Hon. Mitchell Sharp (Minister of Finance): 1 and 2.

	Retired civil servants	Widows
(a) Less than $ 20.00 per month	458	1698
(b) $ 20.00 to $ 29.99 per month	1201	1903
(c) $ 30.00 to $ 39.99 per month	1866	1869
(d) $ 40.00 to $ 49.99 per month	1865	1612
(e) $ 50.00 to $ 59.99 per month	1882	1448
(f) $ 60.00 to $ 69.99 per month	1790	1322
(g) $ 70.00 to $ 79.99 per month	1644	1213
(h) $ 80.00 to $ 89.99 per month	1531	834
(i) $ 90.00 to $ 99.99 per month	1429	672
(j) $100.00 to $149.99 per month	5982	1911
(k) $150.00 to $199.99 per month	4137	493
(l) $200.00 to $249.99 per month	2949	135
(m) $250.00 to $299.99 per month	1806	73
(n) $300.00 and over per month	2382	56
Total	30922	15239

3.

	Retired civil servants	Widows
Newfoundland	338	121
Prince Edward Island	177	94
Nova Scotia	1435	742
New Brunswick	878	472
Quebec	5376	2748
Ontario	13443	6740
Manitoba	1479	636
Saskatchewan	949	425
Alberta	1652	773
British Columbia	4576	2130
Territories	45	11
Outside Canada	574	347
Total	30922	15239

FRENCH EDITIONS OF BUREAU OF STATISTICS PUBLICATIONS

Question No. 2,449—**Mr. Grégoire:**

1. Are publications of the Dominion Bureau of Statistics numbered 61-203 and 61-204 published in French?

2. If not, for what reason?

3. Is it the intention to publish French versions or bilingual versions and, if not, for what reason?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. No.

2 and 3. It is the policy of the Dominion Bureau of Statistics to produce as many reports as possible in both languages, bearing in mind the amount of translation resources available. In increasing the number of bilingual reports, an effort is made to give priority to the translation of those with the greatest known demand.

[*English*]

CONVENTIONS OF COMPANY OF YOUNG CANADIANS

Question No. 2,451—**Mr. Hales:**

1. How many general meetings or conventions has the Company of Young Canadians held since incorporation?

2. Where were they held?

3. How many people attended each convention?

4. What were the hotel or accommodation charges for each convention, including telephone, room service, etc.?

5. What were the transportation charges for each convention?

6. Is there a report available for each convention and, if so, from whom?

7. Who are the auditors for the Company of Young Canadians and what yearly audit fees have been paid?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): I am informed by the Company of Young Canadians as follows: 1. Apart from staff meetings, of the provisional council and the two training programs, the company has held one general meeting since incorporation.

2. This meeting was a regrouping of volunteers already in the field, and was held at Orillia, Ontario, from October 29 to November 5. The purpose of the meeting was to provide new training and orientation information to the company's volunteers, to provide those volunteers with an opportunity to discuss common field problems, and to assist the company develop plans for its third training program based on actual field experiences. Other volunteer regroupings are planned on a regional basis. No further centralized regroupings are planned.

3. 69.

4. Food and accommodation	$3,930.79
Telephone charges	226.78
Other charges	Nil
5. Transportation charges	$ 112.00
Council members	4,117.20
Volunteers	180.00
Consultants	329.00
	$4,738.20

6. No report is being published but a record of the sessions of the Orillia meeting was kept by the staff. The executive director reported on the regrouping to the provisional council.

7. The Auditor General. No fees are charged.

EXPANSION OF TRADE REPRESENTATION IN AFRICA

Question No. 2,460—**Mr. Tolmie:**

Has the Department of Trade and Commerce any plans to expand its trade representation in Africa so as to stimulate a greater flow of exports to this developing area?

Hon. Robert Winters (Minister of Trade and Commerce): The department will be opening a trade office in Nairobi, Kenya, early in the new year to service Kenya and the surrounding countries of Uganda, Malawi, the United Republic of Tanzania and Zambia. It will become the commercial division of the new Canadian high commission there.

LOANS BY INDUSTRIAL DEVELOPMENT BANK

Question No. 2,471—**Mr. Godin:**

During the financial year ended September 30, 1966, how many loans were granted by the Industrial Development Bank in each of the provinces and in the county of Portneuf in amounts of (a) over $50,000 (b) under $50,000 to (i) manufacturers (ii) wholesale and retail establishments (iii) tourist establishments?

Hon. Mitchell Sharp (Minister of Finance): The annual report of the Industrial Development Bank for the year ended September 30, 1966, contains information regarding the number and amount of loans by size, by province and by type of business. A further breakdown of the information is not a matter of public record.

Questions

CANADIAN FORCES TRAINING BASE, RIVERS, MAN.

Question No. 2,477—**Mr. Mandziuk:**

1. What are the future plans for the Canadian forces training base at Rivers, Manitoba?

2. If it is the intention to close this base, on what date will it be closed?

Hon. Paul Hellyer (Minister of National Defence): 1 and 2. As was stated in the white paper 1964, the aim of the reorganization of the Canadian forces is the achievement of increased efficiency and economy based upon the overall national interest. The proper positioning and grouping of activities and forces, and their amalgamation where practical, is now under study, and it is anticipated that this study will extend over a considerable time. In any event no major bases, including Rivers, will be closed out during 1967. Of course this does not preclude the possibility of moving units or activities from one base to another. If, and when, a decision is taken to close out a specific base the maximum possible advance information will be will be provided to those who are directly affected.

GASPE CONSTITUENCY—REMOVAL FROM OFFICE OF F. R. SAMS

Question No. 2,495—**Mr. Keays:**

1. With reference to the answer to question No. 2,204, was Mr. Frederick R. Sams, Gaspé, P.Q. removed from office for any of the following reasons (a) has attained the age of sixty-five years (b) ceases to reside in his electoral district (c) is incapable, by reason of illness, physical or mental infirmity or otherwise, of satisfactorily performing his duties under the Canada Elections Act (d) has failed to discharge competently his duties, or any thereof, under this Act, or (e) has, at any time after his appointment, been guilty of political partisan conduct, whether or not in the course of performance of his duties under this Act?

2. If not, why was he removed?

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. Mr. Frederick R. Sams is still the returning officer for the present electoral district of Gaspé. Hence, he has not been relieved of his duties; (a) not applicable; (b) not applicable; (c) not applicable; (d) not applicable; (e) not applicable.

2. The Elections Act requires that a returning officer be named by the governor general in council for each electoral district. However, as the limits of the present electoral district of Gaspé have been modified, under the Electoral Boundaries Readjustment Act (13 Elizabeth II, chapter 31), a returning officer was required for this new electoral district and Mr. Ludger Gagné was duly appointed.

[Mr. Sharp.]

[*English*]

MISSIONS ORGANIZED BY TRADE DEPARTMENT

Question No. 2,523—**Mr. Walker:**

How many trade missions have been organized by the Department of Trade and Commerce during the past year, and how many are planned during the current year?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The department's trade missions program for fiscal year 1966/67 (April 1-March 31) now includes 28 missions, of which 13 were outgoing and 15 incoming. Thirty-three missions, including 14 outgoing and 19 incoming, are presently planned for the 1967/68 program.

TRADE

FRUIT—REQUEST FOR TARIFF ON IMPORTS FROM U.S.

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. In view of the statement made by the secretary manager of the Ontario Fruit Growers' Association, has it been brought to the attention of the Department of National Revenue that Ontario fruit growers are being adversely affected by large scale imports of processed fruit and is the government considering the imposition of a tariff on fruit imported from the United States?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to check but it is my impression that I received a communication about this matter within the last few days. I will be glad to look into it. May I also say that this matter has been brought to my attention by one or two hon. members on this side of the house.

Mr. Starr: A supplementary question, Mr. Speaker. In view of what the Prime Minister said last fall in Hamilton, namely that the situation was being considered, is any action being planned to provide relief to Ontario fruit growers?

Mr. Pearson: I will be glad to look into the matter and answer the hon. member's question as soon as I can.

EXTERNAL AFFAIRS

PAYMENT FOR BOMB DAMAGE TO YUGOSLAV PROPERTIES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in the absence of the Secretary of State for External Affairs may I direct a question to the right hon. Prime Minister regarding the unfortunate bombing of the Yugoslav embassy in Ottawa and the Yugoslav consulate in Toronto. In view of the fact that the United States authorities have announced that they propose to pay for any damage done to these properties, will Canada be paying for the damage done in this country and will payment extend to the buildings in the immediate vicinity which have also been damaged more or less severely?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in view of the nature of the question perhaps I will be permitted to give a longer answer dealing with one or two other aspects of the unfortunate incident mentioned by the hon. member.

The explosions in Ottawa and Toronto are being investigated by the Ottawa and Toronto police in co-operation with the R.C.M.P., and I have already seen a preliminary report. There is every reason to believe that in both cities this was a terrorist act. It is our hope and determination to do everything we can to ensure that those responsible will be apprehended. There has been obvious international co-ordination and Interpol has therefore been consulted.

We shall do our utmost to ensure that these atrocious incidents do not affect adversely the relations between Canada and Yugoslavia, and we have assured the chargé d'affaires of Yugoslavia of this. Our deep regret that such senseless acts could have occurred has been conveyed to the Yugoslav government both in Ottawa and by our ambassador in Belgrade.

As host country Canada is under an international obligation to protect foreign embassies and other official premises in Canada. Yugoslavia of course recognizes a similar obligation with regard to Canadian premises there. It goes without saying that Canada accepts and honours its obligations under international law and practice with regard to the protection of foreign representatives and compensation for damages to official premises.

The hon. gentleman has raised another question, namely the obligation if any which attaches to the government in respect of damages to adjoining property. Before replying I should like to look into that aspect of the question.

NATIONAL SECURITY

CALVIN MACDONALD—APPEARANCE BEFORE ROYAL COMMISSION

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, in the absence of the Minister of Justice I should like to direct my question to the Prime Minister. Calvin Macdonald has been told he can testify before the commission on national security in order to clarify his case. However, he has stated that he was asked to keep a file on Hon. M. J. Coldwell, who is at present a member of that commission, and this charge has never been refuted either by the government or the R.C.M.P. Does the government plan to replace Commissioner Coldwell, since he might be involved in the case, or does it intend to give Mr. Macdonald a private hearing as was done in the Spencer case?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as I said the other day, Mr. Macdonald has made representations to the commission either verbally or in writing, followed by an appearance. These hearings, if they dealt with security matters, would have been held in camera. Mr. Coldwell is an important member of the commission and there is no intention to interfere with his membership on the commission.

Mr. Langlois (Mégantic): I have a supplementary question, Mr. Speaker. Does this not come into conflict with the principles which were laid down long ago in the Magna Carta, and does it not put the two parties in a very peculiar situation?

Mr. Speaker: Order, please. I hope we will not have to settle this question this afternoon.

PRESENCE IN CANADA OF PERSON EXPELLED AS SECURITY RISK

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, my question is directed to the Prime Minister or to the Secretary of State for External Affairs. Is it a fact that approximately five years ago one E. Ritzig was asked to leave Canada because he was a security risk? Is the government aware that at the present time this same E. Ritzig is back in

Canada with one of the embassies or legations? If so, does the government intend to do anything about it?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I shall take the question as notice.

SOCIAL SECURITY

INQUIRY AS TO STUDY OF GUARANTEED MINIMUM INCOME

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I have a question for the Prime Minister. Having regard to various statements made by cabinet ministers and more particularly the announcement made by President Johnson last week, of the appointment of a commission to study proposals for the establishment of a guaranteed minimum income, and in view of the problems which could arise if that nation proceeded with such a program before Canada, is the Prime Minister considering the formation of a similar commission in Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this government along with other governments has been giving consideration to the very important matter of a guaranteed annual income for all. My hon. friend will recall that we have made what I think is a very important and useful first step in that direction in the legislation which was passed a few weeks ago. The broader aspects of the matter are still under consideration and will require a great deal of study before a guaranteed income can be implemented in this country.

OIL

STEPS TO INCREASE EXPORTS TO UNITED STATES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of his temporary absence it might be taken as notice and he could give an answer when he returns to the house a little later or tomorrow. In view of the Levy report entitled "The Outlook for Canadian Crude Production and Markets", have the minister or officials of his department had any consultations recently with representatives of the oil industry on steps to be taken to increase markets for Canadian oil in the United States?

[Mr. Langlois (Mégantic).]

Mr. Speaker: It seems to me that this is a question of a very general nature. I do not think that this type of question can be asked on orders of the day.

Mr. Harkness: Mr. Speaker, this is an urgent matter of importance and I hope that the minister will be able to answer the question tomorrow.

Mr. Eldon M. Woolliams (Bow River): I have a supplementary question, Mr. Speaker. In view of the question raised by the hon. member for Calgary North I should like to ask the Prime Minister whether he would look into the situation and determine first whether the targets laid down for the export of crude petroleum will be reduced at the rate of 100,000 barrels of crude per day and, second, whether a method is being considered in conjunction with trade groups in the United States to increase the export of crude which is of such importance in the trade between our two countries?

Mr. Speaker: May I point out to the hon. member that the second question is of the same nature as the first one and the minister may wish to answer both by way of a statement on motions. However, I doubt that the question can be asked in the way it has been.

GRAIN

QUEBEC—REQUEST FOR DELAY IN SALE OF ELEVATORS

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, my question is addressed to the Minister of Transport. The first part is simple. Has the minister received a telegram today from the minister of agriculture of Quebec asking that the sale of grain elevators in that province be held up until there can be some sort of meeting with the minister?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I gather that the hon. gentleman has also received such a communication. I have received one. I have not had time to reply to it, since it reached me just as I came into the house.

Mr. Hamilton: May I ask a supplementary question. Will the minister consider replying to the effect that he will consider holding a meeting not only with the minister of agriculture for Quebec but also the Board of Grain Commissioners and the Minister of Forestry and Rural Development who has charge of the feed grain program, so that the problem

can be looked at as a whole rather than on a piecemeal basis?

Mr. Pickersgill: There is no question, sir, but that before any such sale, if there is a possibility of such a sale taking place, it would be considered by all agencies of this government which would be concerned and that would include the Board of Grain Commissioners and the Canadian Wheat Board.

LABOUR CONDITIONS

REPORTED STATEMENT BY MINISTER RESPECTING EXPANDED MANPOWER PROGRAM

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I have a question for the Prime Minister. I assume the Prime Minister is familiar with the speech given by the Minister of Manpower and Immigration to the York-Scarborough Liberal Association in Toronto on Saturday since it was reported with headlines at the top of the third page of the *Globe and Mail* this morning. Was the minister expressing government policy when he said that the government should first offer more generous grants to those who move to another locality to find work, second, expand the designated area program and, third, increase its spending on industrial research? If this is government policy, can the Prime Minister advise the house when he expects to introduce legislation to implement this important change in government policy?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the hon. member knows it would be improper for me to comment on press reports, especially headlines, devoted to my colleague's statement. I will be glad to examine the text of my colleague's statement on this matter. I would remind my hon. friend that he is aware of the imaginative and important steps that have been taken by the government in this field, and we are I think making these steps more effective.

Mr. Hees: May I ask a supplementary question of the Minister of Manpower and Immigration. Was the minister misquoted by the *Globe and Mail* in its report which appeared on the third page today?

Mr. Speaker: Order, please.

Inquiries of the Ministry

SEAFARERS UNION—CHARGES LAID IN U.S. COURT AGAINST CANADIAN OFFICIAL

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Labour, based on information I have received from Chicago, in the United States. Has the minister been informed that Donald Swait, secretary treasurer of the Seafarers' International Union of Canada, has been named a co-conspirator in a United States court in Chicago where five persons are charged at present with the bombing of a Canadian ship, with the bombing of port tracks and the interstate transportation of dynamite for this purpose? Has he any information to give the house with respect to this very serious case?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the only information I have on the subject matter of the question is contained in the notice of the question which was sent to me by the hon. member for Kootenay West. The facts put forward in the question will be investigated and I shall be glad to confirm them or otherwise when I have more accurate information.

I also wish to say that if the statements are true they bear out the statement made by my predecessor, the present Minister of National Health and Welfare, that the Canadian authorities were receiving co-operation from their opposite numbers on the other side of the line, that these bombings were being investigated by the proper authorities and when they were in a position to make charges same would be laid.

Hon. Michael Starr (Ontario): May I ask a supplementary question. Are arrangements being made for the appearance of the maritime unions trustees before a standing committee of the house?

Mr. Nicholson: I thought I had answered that question. I said the trustees were engaged on their annual report for 1966 and that when it was available I had no reason to anticipate that arrangements could not be made for the trustees to appear and be examined on the contents of that report.

HOUSING

REPORTED UNAVAILABILITY OF LOANS IN RESOURCE AREAS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to

the Minister of Labour. In view of the fact it is virtually impossible for residents in many of Canada's mining communities to receive loans from Central Mortgage and Housing Corporation, would the minister elaborate on his statement that loans will now be available to new resource areas?

Hon. J. R. Nicholson (Minister of Labour): Yes, Mr. Speaker, because it gives me the opportunity to deny completely the premise upon which the question is based. The residents of new resource areas in Canada, according to my information, have had no serious difficulty in getting the necessary loans either for home construction or even for some rental housing.

Mr. Langlois (Mégantic): Make inquiries in Thetford Mines to see if that statement is true.

Mr. Simpson: Would the minister take the time to look into the situation at Thompson, Manitoba, where the International Nickel Company has had to guarantee all loans?

Mr. Nicholson: That fact does not alter the statement that I have made that in the mining or resource towns there has been no difficulty in getting loans from C.M.H.C. I have been assured that responsible mining companies give the necessary guarantees that are called for by the regulations.

INDIAN AFFAIRS

REQUEST FOR EXTENSION OF ADULT TRAINING PROGRAM TO INDIANS

On the orders of the day:

Mr. Ian Watson (Châteauguay-Huntingdon-Laprairie): Mr. Speaker, I have a question for the Minister of Manpower and Immigration. Last week he announced a pilot training project for adult training in areas of slow economic growth in Canada. Inasmuch as almost 50 per cent of the adult male Indian population in Canada is unemployed, will the minister consider, in co-operation with the department of Indian affairs, establishing a division in each provincial project which will deal specifically with training and employment opportunities for adult Indians?

Mr. Speaker: I hesitate to suggest to the hon. member that the question appears to be of a very general nature. Unless there is some urgency which I fail to see, I do not think the question should be allowed.

[Mr. Simpson.]

Mr. Watson (Châteauguay-Huntingdon-Laprairie): I submit there is some urgency in that last week the program for these pilot projects was announced. I think it is important that as these projects are brought into being there be an Indian division in each of them from the start. Surely 50 per cent unemployment represents an urgent matter.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I am ready to study this suggestion.

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Manpower and Immigration concerning the manpower services of his department. Can the minister tell the house what steps he has taken or intends to take to ensure that in the staffing of offices throughout the country wherever there is a significant Indian population, there will be officers particularly qualified to help Indians requiring employment? Has he in mind recruiting staff from amongst the Indian people themselves for this purpose?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, we have worked hard in the department to upgrade our own personnel. I cannot answer for this particular aspect of the subject. Perhaps I could take the question as notice and inform the hon. member later of what is happening.

WOMEN

REQUEST FOR ROYAL COMMISSION ON STATUS

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Prime Minister. During the presentation of their brief this morning did the National Council of Women ask for the establishment of a royal commission into the status of women in Canada?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, they did not bring that up. It was not the subject of one of their resolutions at the last meeting of the council. I did have the pleasure of telling them at the end of the meeting on Friday last that the government would be making a statement on this matter in a day or two.

NATIONAL DEFENCE

REPORTED PREVENTION OF CIRCULATION OF CERTAIN PUBLICATIONS

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I have a question as a warm-up pitch for the Minister of National Defence. Is the department now adopting a policy of preventing the distribution of publications unfriendly to unification while allowing distribution of others, and who acts as censor? I refer specifically to the case of maritime command bulletins.

Mr. Speaker: Order. The hon. member has indicated himself that he has in mind the debate which will be continued later today. Perhaps at that time the problem could be considered.

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

Hon. Gordon Churchill (Winnipeg South Centre): I should like to ask the Minister of National Defence whether circulation within the service of publications that are uncomplimentary to the minister are prohibited by him.

Hon. Paul Hellyer (Minister of National Defence): Certainly not, Mr. Speaker. I can assure you that if they were there would be a lot fewer publications. We have tried not to interfere with freedom of speech with respect to publications.

Mr. Churchill: A supplementary question. It is true then that the minister and his program are quite unpopular with the services?

Mr. Hellyer: With my hon. friend, Mr. Speaker, that is correct.

[*Translation*]

EDUCATION

MANITOBA—LACK OF FINANCIAL SUPPORT FOR SEPARATE SCHOOLS

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question to the Prime Minister.

Since the Manitoba government, again this year as for many decades, has refused to include Manitoba separate schools in its school budget, contrary to the procedure followed in the province of Quebec, does the Prime Minister intend to resort to section 93 of the B.N.A. Act in order to meet the situation and allow Manitoba separate schools to cope with their present difficult financial situation?

Mr. Speaker: The hon. member's question is very interesting, of course, but I wonder whether it is appropriate on the orders of the day.

Mr. Grégoire: After the orders of the day, then, Mr. Speaker.

Mr. Speaker, I should like to re-phrase my question to the Prime Minister once again, so that it will, I think, be acceptable.

Is the Prime Minister aware of the fact that Manitoba has decided to leave out the separate schools from the school budget of that province for another year? Is it the Prime Minister's intention to invoke section 93 of the B.N.A. Act to make a decision on this matter?

Mr. Speaker: It seems to me, that the second question of the hon. member is strangely similar to the first and my conclusion will be the same, that is to say: it is not acceptable at this time.

Mr. Grégoire: I shall bring it up at ten o'clock, Mr. Speaker, because I feel it is an important matter that must not be concealed.

[*English*]

WINTER WORKS

REPORTED SPEECH BY MINISTER RESPECTING PROPOSED CHANGES

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. It is based on the remarks he made to a Liberal meeting in Toronto over the week end. He is reported to be advocating changes in the municipal winter works incentive program. Will the minister make a statement to parliament as soon as possible outlining the proposed changes? Will he say whether he is anticipating a new policy or new legislation?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I have already announced in the house that we are revising this program. It can be seen in *Hansard* that somebody asked me a similar question a couple of weeks ago and I said we were revising this program.

Mr. Starr: A supplementary question, Mr. Speaker. When will the minister advise parliament what the revisions are to be?

Mr. Marchand: I did not say in York-Scarborough what the revisions were or were intended to be. As soon as I know, the house will be the first to hear of it.

Mr. Starr: A further supplementary question, Mr. Speaker, based on the same speech. Inasmuch as the minister referred to some municipalities which are participating in the municipal winter works incentive program but are doing unnecessary work—he said the scheme was being misused by them—can he say whether the projects he referred to that are unnecessary or where there is misuse of the scheme were approved by his department?

Mr. Marchand: Mr. Speaker, projects are approved by the department but the administration is under provincial jurisdiction. As soon as the matter is approved by provincial authorities we simply pay. The provincial governments, as I say, are responsible for administration.

Mr. Starr: Is it not a fact that of necessity—

Mr. Speaker: Order, please.

Mr. Starr: —the approval of the federal government has to be obtained before payment is made?

Mr. Speaker: Order, please. I suggest that is not in keeping with the spirit of this period.

Mr. Starr: The minister is just passing the buck. That is the trouble.

Mr. Speaker: Order, please. The hon. member should not comment about speeches made outside the house.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. May I ask the Minister of Manpower and Immigration a related question, apropos the speech he made in Toronto over the week end, with reference to the expansion of the designated area program? As this matter comes under the aegis of the Minister of Industry, is it his intention or the intention of the Minister of Industry to make an announcement fairly soon about the expansion of the designated area program? If so, how soon can we expect that statement?

Mr. Marchand: Mr. Speaker, the only thing I said in York-Scarborough was, I think, that this program should be expanded but in collaboration with the provinces and the municipalities.

[Mr. Starr.]

Mr. Starr: I have a supplementary question.

Mr. Speaker: Order, please. I suggest to hon. members that the last few minutes have not been productive. To my mind this is not the type of question which should be belaboured. The hon. member for Ontario has asked three questions on this subject, the hon. member for Burnaby-Coquitlam has asked a question, and now the hon. member for Ontario wants to ask a further question.

Mr. Starr: I want to ask another supplementary question having to do with the subject brought up by the hon. member for Burnaby-Coquitlam. Will the expansion of the designated areas include areas where there have been lay-offs and stoppages of work owing to the auto pact?

Mr. Marchand: Mr. Speaker, I did not give any detail. I just said that the program can be expanded but with the co-operation of the provinces and municipalities. If we go farther than that we would have to discuss the matter with the provinces and municipalities to know exactly to what extent they are ready to co-operate with us.

Mr. Starr: Are these speeches checked with the Prime Minister before they are delivered?

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—POSSIBLE DELAY THROUGH DESIGN CHANGES

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is for the Minister of Public Works. It really follows a question of last Friday put by the hon. member for Queens when the minister was not in the house. The Minister of Fisheries said he would bring it to the attention of the Minister of Public Works. It relates to possible design changes in the New Brunswick-Prince Edward Island causeway and is of great importance to all residents of Prince Edward Island. A report appeared last week in Prince Edward Island that an engineer had said that the proposed causeway designs are inadequate. Are design changes to be made?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, none are contemplated.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. Will the minister also assure us that the completion date is still 1970? Is that correct?

Mr. Speaker: Order, please. I think the hon. member might put that question on the order paper.

CANADA ASSISTANCE PLAN

INQUIRY AS TO IMPLEMENTATION BY PROVINCES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, my question is for the Minister of National Health and Welfare. While the minister was absent last week I placed a question on the record asking whether any provinces have signed agreements yet to implement the Canada Assistance Plan, and I referred particularly to British Columbia.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the answer is no.

NORTHERN AFFAIRS

ASSISTANCE TO FORT SMITH FOLLOWING NAMING OF YELLOWKNIFE AS CAPITAL

On the orders of the day:

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. With the naming of Yellowknife as the capital of Northwest Territories I ask the minister whether he will be able to announce the level and type of assistance to be available from the federal government to the community of Fort Smith to ensure that no disastrous economic effects will be felt by the latter community when many families are moved from Fort Smith to Yellowknife.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am not pessimistic about any area in the Northwest Territories and I hope the hon. member is not either. With all the things that are going on there and the evidence of the resources that we have, the outlook is very bright indeed.

We have said that in the interim we shall be thinking in terms of putting some of the institutional buildings in Fort Smith that we might have planned for other places to take up the slack. I expect to make an announcement in about a couple of weeks in this regard.

Mr. Orange: A supplementary question, Mr. Speaker. Would the minister approach his colleague, the Minister of Industry, to see if the Area Development Incentives Act might be applied to the community in question?

Mr. Speaker: Order, please. The hon. gentleman is making a representation and not asking a question.

EXTERNAL AFFAIRS

SUGGESTED RENEGOTIATION OF MIGRATORY BIRDS CONVENTION

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Has the right hon. gentleman had an opportunity to look into the question I asked on January 18? I inquired whether consideration was being given to the advisability of asking the United States to renegotiate the migratory birds convention?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the advisability of approaching the United States government with a view to the re-examination and renegotiation of the convention is now under consideration.

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed from Wednesday, December 7, 1966, consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this debate was interrupted by the six o'clock adjournment on Wednesday, December 7, seven weeks ago, and one might feel it is almost anticlimactic to come back to the question. However, perhaps the house would permit me to recapitulate briefly the remarks I made on that occasion after having heard the minister deliver a carefully prepared speech lasting an hour and 50 minutes, a speech which was, I understand, distributed at public expense in great numbers—40,000 I am told, or have read—to the various service personnel. I was wondering whether the minister would do us the courtesy of distributing an equal number of the critiques of his speech so that the servicemen might have an opportunity to form an objective conclusion rather than be forced to rely on a wave of propaganda from the minister's office.

The points I am making are, briefly, these: first, that since the government and the minister are making the proposal for the change and since, we hope, change must be for better

and not merely for the sake of change, it is strictly up to the minister to prove his case. It is not, as suggested by some of those who no doubt are influenced by the minister, up to the opposition, to prove the hon. gentleman's case wrong. After all, the Department of National Defence and the armed services existed and operated efficiently long before the present minister reached the scene. On the basis of the speeches made in this house, as well as on the basis of speeches made elsewhere, I say that evidence to justify the need for change has not been produced. It is true there have been grandiloquent statements from the minister in that white-paper type of language which lends itself so conveniently to varying forms of interpretation as the need arises.

This leads to the second point I made. There was a great deal of confusion about the concept held by the minister when he spoke of a single unified defence force. There may have been some obscuring of the facts. I do not know. But certainly at the committee hearings which will follow this debate his use of the term "single unified defence force" will be questioned.

Speaking at various meetings, addressing either the general public or members of the armed forces, the minister has said in effect: do not worry too much about the question which is worrying a lot of people, whether this means a single service. But now we are presented with a bill whose basic principle is the establishment of a single service—not a single unified defence force because a single defence force does not necessarily mean a single service. One could have unification at command level. Our forces could be unified in their operations but it does not need to be composed of people in the self-same service wearing the self-same uniform and operating within the self-same rank structure.

Third, I contend there has been a not so subtle change in the objectives of Canadian defence policy. Peace keeping has been upgraded at the expense of the defence of Canada and our commitments under international treaties. The whole concept of the mobile force and the reasons given by the minister for the acquisition of certain equipment and for many of the things which have been done have always been based on peace keeping. However, we know that at the present time peace keeping has a low priority in the organization which alone has authority to despatch a peace-keeping force. After all, Canada is not planning to become a world policeman with an armed force ready to go about on its own initiative to knock heads together. And we know that the concept of peace keeping is having a very difficult time at the United Nations and that unless there is almost a reversal of attitude by some of the principal nations belonging to the United Nations peace keeping will have an increasingly difficult time over the next few years.

This is not the occasion on which to raise some of the problems which go with peace keeping. But they are there. The first, of course, concerns the extent to which Canadian forces would be at the disposal of the United Nations untrammelled by any limitation as to their use. In other words, just how much authority over Canadian forces would Canada give to the United Nations without the right of veto with regard to their use? Unless it were guaranteed that the commander in chief of a peace-keeping force would be one of our own officers, the force might easily pass under the control of someone else.

Fourth, I spoke about the adverse effects on the navy. I will leave it at that. My remarks are on the record and many of my hon. friends will wish to speak about that subject.

Fifth, I inquired why so many senior military officers had retired prematurely or been relieved of their duties—13, as a matter of fact in three months. In the first of a series of articles written by General Foulkes last summer the writer asks: why is it that the whole of the command structure was completely changed in less than two years, something which has never happened before in Canada's military history? Many of these men were exceptionally young. They had been promoted by the minister. They had a brilliant future ahead of them, and certainly they did not fit into the category of officers who were the darlings of some rather ill-informed editorial writers or cartoonists—senior officers well past the age of retirement who had somehow or other become semi-senile. This, of course, is an altogether improper representation of these men.

• (5:00 p.m.)

Then I spoke of the uncertainty, the frustration and the demoralization in the armed services as a result of the minister's action or inaction. There was the frustration caused by delayed decisions. There was the inconsiderate action with regard to the release of the 500 pilots. It could have been done in another way if there was an excess of air crew. There was the minister's statement that there would be a compulsory reduction of some 10,000 in all ranks of the armed services. We know

what a demoralizing effect the "golden bowler" program had. Certainly it did not require the retirement of 10,000 service personnel, and we remember the jockeying that took place. Some of those who were in a position to benefit from it did so, and this was the case in a number of unfortunate instances.

Before proceeding further I want to go into what General Foulkes said in the second of his articles. This is a question that the minister must answer. Why is it that Lieutenant-General Fleury said in the the committee that it would be three to five years before the logistic framework of Canada's armed services could be completed? Here we are rushing headlong into the amalgamation of field forces. Not only did General Fleury speak about this but so did General Simonds and Air Marshal Annis. We would like an answer to that question.

The minister has on many occasions both inside and outside the house alleged that other nations are also moving toward the same end, that they are moving toward a single unified defence force composed of a single service. We even have the highly laudatory phrases—self-adulation, I call them—at the conclusion of the minister's speech in which he stated that this is the goal of the armed services of the rest of the world.

What countries have shown any interest, Mr. Speaker? There has been a remarkably strange silence. I believe at one point the minister said that two countries were taking a look at the proposition. We know that New Zealand did take a look at the proposal but rejected it as not being appropriate. With regard to Great Britain the minister will have to explain some of the passages in the book written by the former naval minister, Christopher Mayhew, about the minister's concept of a single service and some of his other reorganizations of the defence forces of Canada, which Mr. Mayhew says will not work in the United Kingdom. Therefore the United Kingdom may be ruled out as being one of the countries that would emulate Canada.

Not only that, Mr. Speaker, but the supremo principle has been thoroughly rejected by the British. In their white paper in 1963 they did not go along with the idea of unification or integration at all. I know that the problems of each country are not the same, but somehow or other the minister has given the impression that we are the shining light, the northern beacon that other nations will rush to for guidance. The only northern beacon there is is just the gleam in the minister's eye, and it has blinded his own vision.

Let us see what Mr. Christopher Mayhew is reported to have said as found in a review of his book published by the Canadian Press. Mr. Mayhew said:

> It seemed clear to me, and Mr. Hellyer readily agreed, that the degree of dislocation which he had cheerfully and deliberately created in Canada—

I could use other terms, Mr. Speaker.

> —would be too much for a country like Britain, with a larger and more complex defence organization, and with immediate, widespread operational responsibilities—
>
> He says Hellyer has dismantled and rebuilt the defence forces on functional lines.
>
> "He has built an effective machine for allocating scarce resources on rational principles, and for steamrollering inter-service differences."
>
> In the short run, Mayhew writes, the reforms meant increased demand on money and manpower instead of economies, with the centralized departments supplementing rather than replacing the three service departments.
>
> "A member of the department commented sardonically that he doubted whether Canada could find the money needed to finance Mr. Hellyer's economies."

This, Mr. Speaker, is certainly a question to be considered. Admiral Landymore referred to the cost involved and also to the number of persons required in maritime command.

Mr. Hellyer: That was his quote.

Mr. Lambert: That is not his quote.

Mr. Hellyer: It is.

Mr. Lambert: Well, the minister can say it is if he wants to, but the former commander of maritime command would know far more about what is going on in his command than would the minister, who after all never paid it a visit to find out what was going on.

To explain all these difficulties with generals and admirals, Mr. Speaker, the minister maintained there was a breakdown in the lines of communication with the various commanders. If there was a breakdown in the lines of communication, how could he find out what was going on at these commands?

Let me now turn to what the United States has to say with regard to unification. I think the minister is well aware of an article published in the April 1966 issue of "Foreign Affairs" written by Mr. Zuckert, former air force secretary of the United States. I should like to make some rather extensive quotations from this article because I think it helps to place certain things in perspective. It must be

remembered that Mr. Zuckert was at one time a great exponent of unification. He signed the Symington committee report in this regard but since has changed his mind, he says. I should like to quote Mr. Zuckert's article:

The Air Force Secretary's specific job, as it evolved between 1961 and 1965, embraced the formidable management task of phasing no less than six major strategic weapon systems in or out of operational status—the B-47, B-52, B-58, Titan II, Minute-man I and II, as well as their trained manpower and all their supporting logistic facilities. He had to be mindful at all times of retaining a proper balance of skilled personnel and resources, without slackening total operational effectiveness.

These considerations shaped my decision to stay on the job. They helped to change my views. For a decade or more, I had been an ardent advocate of more unification. But I came to acknowledge, as did Deputy Secretary of Defence Roswell Gilpatric in his farewell press conference in January, 1964, that further unification of the Department of Defence is neither practical nor advisable.

It must be remembered, Mr. Speaker, that the United States proposals did not go half as far as the minister's present proposals. There was no question at all of a single service. To them unification meant the combining of the forces under one chief of staff' one chief of defence, one minister. That is what they were aiming at, and they have not even gone that far. The minister is proposing not only to follow up the organizational changes he has made but he also wants a single service.

I continue with Mr. Zuckert's article:

In any circumstance that I can foresee, unification of the U.S. military establishment has gone about as far as it ought to go. This statement recognizes that some residual areas of service separatism have so far defied reform.

Then he goes on to outline some of these areas which on the face of it suggest that there could be room for improvement. In this regard those of us on this side agree with the government that certain changes could have been made in the administrative and supply echelons of the armed services in 1964. I continue:

Looking at the big picture of service roles and missions, no reason for separate services seems more important than the freedom to apply many years of thinking and experience to operational concepts and weapon requirements.

• (5:10 p.m.)

In the army, navy and air force, and in the marines, too, a sense of professionalism has been distilled to: develop each requirement; design and produce the suitable weapon; devise the doctrine to govern its proper use in battle; then train and supply the troops to operate that weapon effectively in a familiar medium. This collective effort by each service is then funneled to the unified commander in the field for use in his co-ordinated military machine as approved by the joint chiefs.

[Mr. Lambert.]

Then, the last quotation:

From a purely management view, retention of service identity is wholly consistent with the most sophisticated corporate organizations in the United States.

He gives the example of General Motors. This is precisely contrary to the argument which the minister made in his speech the other day that for the setting up of weapons programs, structures, computer analyses and so forth one requires a single service. Mr. Zuckert says quite the contrary. I would think perhaps he has had as much if not more experience than the minister in handling a very great machine. The quotation continues:

General Motors, for example, maintains separate divisions for the production of Chevrolet, Buick, Oldsmobile, etc. They operate within the policy framework of the parent organization, which even encourages healthy competition within reasonable limits to keep everybody on his toes.

A structure embracing a centralized authority at the top and decentralized management responsibility at the service level is very close to being the most responsive to our need.

He continues:

The military services, essentially organized around the medium in which each one operates, offer through the service secretaries precisely that middle level of management which cannot be discharged as well anywhere else in the department of defence.

This article deals with the objections to unification at the ministerial and management level, which is a long way from what the minister proposes. Therefore it shows even greater strength in its logic than what has been advanced by the minister. Then we come to the other NATO countries. What are they doing about following Canada's plan? Nothing.

How does the minister envisage Canada's force operating with allied units which are organized into three environmental services, navy, army and air force, when Canada proposes not to have a navy, an army and an air force? He says he is going to have sailors called privates, airmen called privates and soldiers called privates, all in the same uniform indistinguishable one from the other, all arising from the same amorphous mass.

The minister has attempted to make a case for his reorganization but even the speech which he made last December contains very little in the way of a concrete plan for the complete reorganization of the forces. This is the same problem which arose during the month of October in the debate on interim supply. Although we knew the minister had something in the back of his mind nothing

was forthcoming except his insistence that the whole principle of—I do not know what one might wish to call it—integration and unification must be accepted before one can examine the plan. If the plan has in it one iota of anything which is worth while, it will stand on its own feet and does not require acceptance in principle before examination. One might think the minister is afraid that the plan might not be acceptable or workable and therefore that the legislation must be enacted before the adverse effects of the plan become more and more apparent. In his speech the minister spent a great deal of time talking about the advantages of a single service. It was blocked out paragraph after paragraph. This showed again the confusion which exists in respect of the concept of a unified force and the concept of a single service.

If we go back to pages 10828 and following in *Hansard* we will see some of the advantages which the minister outlined in respect of the single service. These are: 1. Identity; 2, careers; 3, adaptability of change; and 4, demands of modern warfare. In his argument in respect of identify he claims that while sailors, soldiers and airmen will have a common identity and loyalty to their ships, regiments and squadrons, they will have an overriding loyalty to the whole force and its total objectives on behalf of Canada. What unadulterated piffle! Does the minister suggest there is going to be an improvement in loyalty and that there will be a higher loyalty, for instance, to one's country because there will be a single service? I am afraid that the minister shows how woefully short on experience he was in his country's service.

Mr. Churchill: It is insulting to the men who are in the service now.

Mr. Lambert: Is he suggesting that because the men were organized into regiments or because they were in the air force or the navy and attached to a particular service, their loyalty either to the service or to the country was one whit less? Remember, the minister must show that there is going to be a greater loyalty because they will be under a single identity. This is the first argument. His second argument is:

> For able and highly motivated individuals, both officers and other ranks, wider, more challenging and rewarding career opportunities will be available.

Again I say, what unadulterated piffle, because in expansion of that statement the minister said:

> When people are able to move in a broad stream, which does not confine employment opportunities to narrow specialties or to the individual naval, army or air force entities, both the individual and the force as a whole will clearly benefit.

More Rand corporation language. I should like to give a comment on that, and I believe the minister will agree with this assessment of the degree of specialization in the forces:

> Specialization is essential to maintain competence in today's technical and complex world and this principle applies as fully to defence as it does to industry. Therefore, the special training, equipment and experience to fight in each of the three environments, land, sea and air will remain segregated in our defence forces.

The minister has said that we will still have sailors, soldiers and airmen. Then, to continue:

• (5:20 p.m.)

> There is nothing new in having common training or common support facilities provided by one service for the other by the service best equipped so to do or in placing elements of one service under the operational control of another for the specific exercise of commitment. It is obvious too that the spectrum of common training and operations is much narrower than the present service policies would imply. The cost of the multiple specialist training courses required to produce a universally employable service man in terms of dollars and time is prohibitive.

By this it is not meant that the minister proposes to turn out jacks of all trades. Even a four year old would recognize that that would not be feasible.

Let me continue:

> It follows that unification of the field forces into a single service is inconsistent with the complexities of today's military facts.

That is a definitive answer to the minister's arguments in this regard.

We then swing away from the idea of a single force back to the idea of a single unified defence force. When the minister talks about adaptability of change he talks about a unified force permitting a much more objective analysis to be made as to the employment of this force. He suggested that because an individual belongs to a single unified force with a common uniform, with no tradition, and because he is one of a great mass, indistinguishable from any other, our defence policy, our weapons systems and all those other matters related to an over-all policy will be more flexible and easier to change. I fail to find any connection in this regard or any relationship between these two theses. The

proposition advanced by the minister in regard to adaptability to change must surely be a non sequitur. He says it is true because when a man has a common uniform his mind is open to change.

If the minister is talking about a defence force being more adaptable to change because of a common command structure, then I am prepared to concede that there may be some merit to his suggestion, but it does not necessarily follow as a matter of course that because a man has a common uniform and a common rank structure he will have any loyalty to the mass structure and will be more easily changed. I fail to see any merit in that argument put forward by the minister.

Let us now refer to the demands of modern warfare. How on earth could those demands be met more satisfactorily by a man in a common uniform operating under a common rank structure? The minister is not asking for a common command structure or common field commands by this legislation. We are talking about joint or combined service headquarters. The demands of modern warfare are continually changing and there is continuing change in the operations of our land, sea and air components. There is no basis in reason for the suggestion that because all servicemen wear one uniform there will be greater cooperation.

Another strange argument put forward by the minister is that because a man in the air force, army or navy has a loyalty to that particular service he will allow that loyalty to override his objective analysis of the greater requirements of weapons, strategy and so forth. What is suggested is that there may be some ingrained selfishness, preference or prejudice toward one service. Let me suggest to the minister that he has entirely overlooked the feeling, philosophy and the attitude of the fighting man. The minister has been surrounded by people at the command level and has failed to understand that morale, tradition and loyalty to one's regiment have some meaning, although he may have paid lip service to this fact in his statement. He has suggested that this can all be wiped out and that some sort of higher loyalty to the Canadian Armed Forces can be developed.

The word "Royal" is being dropped, but a strange situation will develop if and when we again use it in the new name because again we will have "R.C.A.F.". Perhaps as a former member of Her Majesty's armed forces I might as an ex-soldier feel that there is some plot here, although I am sure that members of the R.C.A.F. would insist that they would not participate in such a scheme and that there would be nothing equivocable about such a move.

A great number of my colleagues wish to speak on this bill and there are only one or two other points I should like to raise. The minister did say something in an effort to assuage certain fears about the continuing use of ranks. He stated that under certain conditions warrant officers and other ranks could continue to use those ranks. That will apply only until these men are promoted because the rank structure of the navy and air force will be wiped out. An individual will never be able to move from lieutenant commander to commander because the rank of commander will no longer exist. He will only be able to maintain that rank until he is promoted. Unless the minister suggests that the regulations will provide otherwise, that rank appellation will continue for perhaps a generation.

• (5:30 p.m.)

The minister has undertaken that no member of the forces today will be called upon to serve in some other branch or role than that in which he is presently engaged except in an emergency. In other words, one cannot convert a seaman into a soldier except in the case of an emergency. I ask this question: When would they be called upon except in an emergency? I admit that on a parade square you would not expect to suddenly convert an airman or a sailor into a soldier but where the difficulty comes—and this is what the services are concerned about—is that you will take soldiers and put them on a ship, when there is a solemn undertaking not to do this, because the bill says "except in an emergency". Every time out it would be deemed to be an emergency if there was such a requirement.

There is a further point. I refer to the integration of the service bases. I contend that it is quite illegal for the minister to have carried this out. He has presented it to this house, the armed services and the country as a *fait accompli,* in the same way as I found the phrase "Canadian forces" in a bill that came here from the Senate after being passed there.

Mr. Hellyer: It is in the present act.

Mr. Lambert: It is in Bill S-50 which deals with the rights, obligations and what have

you of the armed forces of friendly countries while they are visiting Canada.

Mr. Hellyer: The term is also in the present defence act.

Mr. Lambert: But not in the same way, not "Canadian forces." Therefore, Mr. Speaker, it boils down to this. The minister is asking us to accept this measure, not a bill to create a single, unified defence force but to create a single service with a single rank structure. He has not demonstrated the advantages such a step will achieve. I am opposed to the bill on many grounds but principally on this one. I have no hesitation in opposing the bill and that is how I intend to vote in regard to Bill C-243. I refuse to accept what the minister is trying to do to us at the present time by means of this bill.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, the introduction of Bill C-243 gives members of the House of Commons an opportunity of discussing all phases of defence organization and defence policy. This was made very clear by the minister because in his tour de force, which covers some 65 typewritten pages and in which I cannot think of one aspect of defence policy and organization that was not mentioned, he covered the active services and the reserve services, he covered organization, he spoke of NATO, of NORAD and the United Nations and, as I say, just about everything one can conceive in this connection.

In introducing my own small contribution to this debate I would commence by going back four years to when this issue was first raised and then I will bring it forward step by step as closely as I can to the present day. We all remember, or we should remember, that a white paper was tabled on March 27, 1964. This was the first indication to this house and the country of an anticipated policy of integration and unification.

On August 1, 1964, integration was approved and went into effect. We have had an accelerated rate of integration since that time. It is obvious that the minister in his thinking has now arrived at the conclusion, through the introduction of this bill and setting forth the major policies in the legislation, to move headlong into unification. It is quite obvious that he thinks the integration process has continued to a point where it is now appropriate to proceed to the ultimate goal, the final goal of a unified defence force. That is why we now have Bill C-243 before us.

There can be no question that as a result of the statements and actions of the minister, particularly in the past 18 months or two years, a furore of opposition has developed amongst many both in the forces and in the general public across this country. As a matter of fact, the opposition has given rise to a great many stories. Undoubtedly the minister knows the one that spread from Halifax to Esquimalt, namely, that history would show three main troublemakers, one was Corporal Napoleon, one was Corporal Hitler and now it is Corporal Hellyer. That is an indication of the thinking of some people in this respect.

The minister quite honestly made clear what he had in mind, not only at the time of the white paper but also at the time integration came into effect. It must be remembered that on several occasions the minister, while maintaining that the "end objective of a single service is firm", made it clear and emphasized in various statements that the changes in Canadian defence organization and policy would take place step by step.

He also made it clear, at least in my estimation, that from his viewpoint unification is the end objective of what he termed a "logical and evolutionary progression." But he also made it clear—I want to make this clear to others just to make sure I have exactly what was stated over the years by the minister—that "although integration and unification are sometimes regarded as alternatives and inherently different, they are, in fact, merely to be stages in the same process."

There are many who do not think that they are, in fact, merely different stages in the same process. That was made abundantly evident by the remarks of my friend the hon. member for Edmonton West (Mr. Lambert). In my estimation the opposition which has developed has not developed as far as the policy of integration is concerned; I think it is mostly opposition to the policy of unification. I believe this was made obvious by one who has certainly been making a lot of speeches and doing a lot of writing in opposition to government policy. I refer to Admiral W. M. Landymore. Therefore if he has basically no objection to integration, there is not too much opposition in this respect. Just to make it understood why I take that position I should like to quote from one of the documents he sent me not too long ago. In this document he said:

• (5:40 p.m.)

Both headquarters are now fully integrated but this is no new experience for the navy or for our

maritime air forces. Realizing the advantages to be gained by the closest co-operation between sea and air components and discharging a common task, the operations of maritime air and the navy were fully integrated some ten years ago. In both Halifax and Esquimalt for nearly a decade our operations staffs, our planners, intelligence staffs, our meteorologists, oceanographers, operational researchers and communications have worked in an integrated organization—

I want to emphasize this, Mr. Speaker.

—so that the move toward total integration was neither strange nor unreal and was really only felt in the logistics and administration branches of my headquarters.

I think we can take it for granted, Mr. Speaker, that the policy of integration is inevitable. It is certainly my belief, from reading all the documents, books and records on which I could lay my hands, that integration appears to be the only way to remove duplication, triplication, and unnecessary expense, thereby bringing about a saving to the taxpayer and, I believe, a far greater efficiency in the operation and organization of our armed forces.

However, the matter of unification is far more complicated to consider than is integration. I wish to express my firm belief that in advancing the policy of unification the minister, on behalf of the government, appears to have made three major mistakes, and I outline them as follows. First, he did a poor public relations job, leaving nothing but confusion in the minds of the forces of the elected representatives and of the people, thereby unnecessarily antagonizing them. Second, he has been too dogmatic and dictatorial in introducing changes and new policies which could far better have been left to develop of themselves in the natural course of events. Third—and this is the final and most important point—he has not outlined in any way whatsoever the basic and fundamental decision as to the future role of the Canadian Armed Forces.

We maintain that it is absolutely unreasonable to expect us to arrive at an understanding of what the government has in mind. How can we have a knowledge of the meaning of unification if the government does not outline the basic future role of the Canadian Armed Forces in world affairs? This was completely lacking in the 65-page presentation made by the minister.

I should like to elaborate on the three points I have just enumerated, the three main mistakes made by the minister. There can be no question whatsoever about the poor public relations on the part of the minister and his department with regard to members of the House of Commons on a bill as important as this one is and which has such far-reaching affects. The refusal to refer the bill to the standing committee on defence prior to its passage on second reading was a very poor decision. I endorse completely all that was said by the hon. member for Edmonton West (Mr. Lambert) when he pointed out that the bill should have been sent to the committee. It is absolutely unfair and unreasonable to ask the house to pass this bill on second reading, thereby adopting it in principle, before it is referred to the committee on defence. This is poor public relations for which we can only blame the minister.

He is just about the most unco-operative minister I have ever met. He insists on everything being a *fait accompli*. This has certainly been our experience in the defence committee of which I have been a member ever since it was first established. We have never been given the opportunity to offer advice, to go over the plans or to give consideration to what the minister or the government had in mind. Oh no, it has always had to be a *fait accompli*. It comes to the standing committee when the minister has made up his mind and it is almost impossible to try to get him to change it. Not only has there been poor public relations vis-à-vis the committee on defence but the same has been true with regard to members in the house. The minister has said that we jolly well have to vote for the bill and support its principle—therefore we have to support the principle of unification—before he will permit the bill to be considered by the committee on defence. He has been here long enough to know that when a bill has been endorsed in principle it makes it much more difficult to make any changes in it in committee.

The minister seems to have an aptitude for antagonizing members in the house and members in the committee. There certainly have been poor public relations as evidenced by the fact that for three years people have not known what was in the mind of the minister. In all the years before the bill was introduced there has been confusion as to ranks, as to pay and as to whether members of the armed forces could be moved from the navy to the air force, to the army. Unnecessary confusion has reigned, all of which could have been avoided if the minister had received proper advice from those who are supposed to be expert in the field of public relations.

I will not say any more on that subject because I wish to deal with the two other points I have mentioned. I have already dealt in part with the excessively dogmatic and dictatorial manner of the minister. However, it can be further evidenced by his attitude toward the reserve forces. He certainly built up opposition where it was completely unnecessary to do so. He cracked the whip at the reserve forces of Canada who over the years have done a wonderful job. He is cracking the whip on uniforms. He did not need to do so because the matter of uniforms could have been left to develop in the natural course of events.

These and many other matters could be mentioned but suffice it to say that the minister has brought a lot of these problems on his own head because of his dogmatic and dictatorial attitude. How much better it would have been if he had learned to be a little more co-operative and realized that he is not the only one interested in our defence forces or the only one who knows something about them. This is all I will say on the second point because, as I said, the most important aspect of unification is the future role of the Canadian Armed Forces. This, of necessity, ties in with foreign policy and with many of our international relations. I honestly believe that a great deal of the confusion about the government's intention with regard to unification would not have developed if the committee had had an opportunity of studying the bill after it was introduced but before it was given second reading, and also if this house and the general public had been given some understanding of what was in the government's mind concerning the role of our Canadian forces in the future.

• (5:50 p.m.)

I believe, sir, that the entire situation is not only confused but that it will continue to be confused until the government indicates just what the purpose of the forces is. I put the question this way: Are Canadian forces to perform only a peace-keeping and intervention role and have combat capacity limited to non-nuclear operations or are Canadian forces intended to have full combat capability not only for the direct defence of Canada but in particular within the present strategy of the NATO and NORAD alliances?

It appears to this group at least, Mr. Speaker, that the nature of the armed forces required and the equipment for each of these roles are vastly different. It seems self-evident to us, therefore, that a clear definition of the future role of the Canadian forces is required before any sensible examination and decision can be made on the best organizational structure. The minister himself pointed out certain matters that affect structure and equipment. It is difficult to tie in the structure and equipment which he emphasized with regard to mobility with the role of the Canadian Armed Forces in the future within the NATO and NORAD alliances.

If I may refresh the memories of hon. members, I will refer to what the minister said in his presentation. He indicated that at the present time there are six air squadrons in Germany having a nuclear strike role and also having a conventional bombing capability. He indicated also that there are two air squadrons located in Fance having a reconnaissance role. As the minister pointed out the two reconnaissance squadrons will have to be moved out of France during the present year. He stated further that it was the intention of his department to reduce the number of squadrons from eight to six, four of which would be strike squadrons and two reconnaissance.

In addition to our air squadrons in Europe, we also have the fourth Canadian infantry brigade group in Germany. This outline would appear to indicate that, all these years after the end of the second world war, we are going to maintain at least six air squadrons in Germany and an infantry brigade group. We would like to ask on what ground is this necessary, especially when we remember the further remarks of the Minister of National Defence? Mobile command headquarters were established at St. Hubert, Quebec, in October, 1965. The minister stated in this connection:

> —a mobile command's mission is to maintain combat readiness and a land tactical air force. The mobile command is responsible for the provision of a rotational brigade for the land forces assigned to NATO in Europe and for the training of two additional air portable brigades designed for rapid deployment. Also the command is forming a Canadian airborne regiment whose personnel and equipment can be rapidly sent to danger zones. A vital component of mobile command is its tactical air element and current planning of the defence department calls for the formation of four squadrons of CF-5 tactical ground support aircraft. In addition to the formation of the CF-5 squadron plans are in hand for units of Buffalo transport aircraft and light and heavy helicopters to meet the need for air mobility in any combat zone.

When you put together these two statements you find that basically one refers to maintaining thousands of servicemen and their dependants in Europe, while the other refers to mobile command and the equipment necessary to operate it. We say that there is a

conflict here. We say the statement does not give any clear indication of the future role of the Canadian forces or the forces that the minister and the government want to have. The government indicates that, after two world wars, a small populated country like Canada is going to have an over-all air force, an over-all army and an over-all navy. Obviously Canada cannot do that because we have neither the money nor the manpower. Obviously the government has to decide the future role of the forces on the basis of the best contribution Canada can make toward world peace. Having reached that decision, then we can understand at least to some extent what is meant by unification.

In view of the minister's own outline and the stress he places on mobility, what it means in men, equipment and training, we feel there is a strong argument for a definite statement of policy from the government so that by the time the new NATO agreement comes up in 1969 Canada will have removed its forces from Europe. We believe it is time to give real consideration to that, particularly in view of the fact it takes a while to accomplish this after the decision is made, and because the new agreement comes up for discussion and signature in 1969. Surely after so many years and all the redevelopment after the devastation of the second world war, those countries are basically able to look after themselves, especially with the Canadian mobile force at hand as outlined by the minister.

We in this group are not the only ones talking about withdrawing troops in two or three years. This has been discussed in the United Kingdom. If you want to bring it closer to home I would refer to an article in the New York *Times* of January 20 with a Washington dateline. It reads:

• (6:00 p.m.)

Senate majority leader Mike Mansfield, criticizing the administration for "marking time" on European policy, has reopened his campaign to bring about a substantial reduction of U.S. forces in Europe.

With the support of most of the Senate Democratic leadership, the Montana Democrat reintroduced a resolution saying a substantial reduction could be made in the present six U.S. divisions in Europe without "adversely affecting" North Atlantic Treaty commitments.

It was identical to a resolution last year that the Senate leadership decided not to press after the administration gave assurances that it was studying future U.S. troop levels with the NATO allies.

The resolution is to be referred to the armed services and foreign relations committees, and Mansfield said he expected the two committees to hold joint hearings and act on his proposal some time this year.

Should the resolution reach the Senate floor, the appraisal of Senate leaders is that it would receive approval by a large majority.

Canada should think not just of renegotiating its position in NATO but of getting out of NATO. The only phase of activity I can see where we might continue is in that having to do with the anti-submarine specialty of the Canadian navy on the Atlantic coast.

The future role of our forces is not made clear, is not outlined in any way by the Minister of National Defence. Having mentioned NATO I ought to mention NORAD. It is understandable that there should be a close relationship between the United States and Canada on defence matters. No reasonable explanation can be given why, in regard to defence co-operation and our relations with the United States under NORAD, we should have nuclear weapons in the hands of Canadians and on Canadian soil.

An hon. Member: It is a matter of policy.

Mr. Winch: When the Liberals came to power, following our friends on the right who had agreed to the introduction of nuclear weapons in the hands of Canadians and the storage of nuclear bombs on Canadian soil, the Prime Minister made it clear that Canada would move immediately to negotiate out of that commitment. We have not heard a word about it since. We accept our Prime Minister's word. We tell him to negotiate out of that commitment and to remove atomic weapons from Canadian soil and from the hands of our troops overseas. I do not know how the Minister of National Defence can maintain the present position of having these weapons in face of the absolute contradiction contained in those beautiful, constructive yet sanctimonious speeches prepared by the Department of External Affairs and delivered at the United Nations. One was made at a NATO conference in Paris not too long ago. The speech warned against the proliferation of nuclear weapons of any kind. As a matter of fact, the whole thing becomes ridiculous.

Having said what we urge, let me now refer to something that appeared in a newspaper. This article deserves to be printed in every newspaper in North America and possibly throughout the world. It is datelined Washington and reads:

The United States, Britain and Russia signed a treaty Friday which bans nuclear weapons in space—

Oh.

—and reserves the moon and other celestial bodies for peaceful purposes.

Is that not beautiful? They have reserved the moon and other celestial bodies for peaceful purposes. When will they get together and reserve this earth for peaceful purposes? Can nations not get together, can some country not take some action at least that will mean peace on earth, that will stop the proliferation of nuclear weapons? We do not want those weapons in space, nor do we want them in Canada and we do not want them in the hands of Canadian forces.

Mr. Herridge: That is our policy.

Mr. Winch: We want a different government policy from what we have had. Canada should lead the nations along the lines we suggest.

We must know the future role of the army, the navy and the air force. We must know how our forces are to stand in regard to NORAD and NATO, nuclear weapons and mobility. The role of our forces we must know before, as responsible members, we can say whether unification is or is not good for the forces, or for Canada. Other speakers from this group will go into this matter in greater detail. I have spoken for almost 40 minutes but I have not covered the entire field because that is impossible. Other speakers will talk of defence policy and other organizational matters.

In concluding I repeat that Bill C-243 should have been sent to the defence committee after first reading. That was not done. I hope the minister will rid himself of some of his dogmatism, dictatorship and arrogance and will recognize that it is unfair to ask us to vote on second reading on such an important principle without the matter having been discussed by the committee and without the minister and his officials having placed every last bit of factual information before that committee. We must have the complete plan of unification and integration.

I hope I see the spirit of co-operation in the minister's eye, and I urge him even now to adjourn second reading and refer the subject matter of this bill to the defence committee. The policy of integration seems logical and reasonable to us, but the House of Commons should not be asked to endorse the principle of unification until the government has clearly outlined its attitude toward existing military alliances and its reasons for same; and the anticipated role for Canada's armed forces.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, in taking part in this debate I do not intend to go into details I want to deal with defence policy and with the proposal to unify the armed forces.

It has been brought to our attention that the objectives of Canada's defence policy are, first, to preserve peace by supporting collective defence measures to deter military aggression; second, to support Canadian foreign policy including that arising out of our participation in international organizations and, third, to provide for the protection and surveillance of our territory, our air space and our coastal waters. When we turn to the white paper which was tabled in 1964 we read the following statement on page 6:

• (6:10 p.m.)

In these circumstances, there have developed four parallel methods by which the objectives of Canadian defence policy have been pursued. They are:

(a) Collective measures for maintenance of peace and security as embodied in the charter of the United Nations, including the search for balanced and controlled disarmament;

(b) Collective defence as embodied in the North Atlantic Treaty;

(c) Partnership with the United States in the defence of North America;

(d) National measures to discharge responsibility for the security and protection of Canada.

I believe there is general agreement across the country with respect to the first objective outlined. I do not think anyone will disagree that we must seek to preserve peace by supporting collective defence measures to deter military aggression. Nations have reached the point in the word's history where they realize the futility of trying to guarantee the integrity of their own borders and maintain their national sovereignty completely on their own. In seeking to accomplish this objective they have realized the importance of banding together with others who are interested in the same goal, pledging mutual support in case of an attack by an aggressor state.

Nor do I think anyone will disagree with the proposition that we ought to support Canadian foreign policy, including that arising out of our participation in international organizations. Reference has been made to one of these organizations, the United Nations. I believe that Canada has played an important and vital role in this assembly. The United Nations is not a perfect organization, nor has it achieved all its objectives all the

time, but I think we must agree that in the final analysis it has served a very useful purpose in endeavouring to substitute the conference table for the battlefield. It has not always succeeded but I believe it has succeeded in a number of instances.

When we think of one of the most important operations of the United Nations organization—I refer to peace-keeping operations—we can all be proud of the contributions our men have made in various areas of the world. Moving in without any massive organization and without any large amount of military force, they have established a presence which has contributed greatly to the maintenance of at least a semblance of peace in troubled regions. All members of the house recognize this and agree that we must support Canadian policy with regard to at least some of these areas of activity.

Furthermore, I believe there is general agreement that we should provide for the protection and surveillance of our territory, our air space and our coastal waters. It is this aspect which is causing the greatest concern to those who have been speaking and writing about the proposed unification program. Doubt has been raised as to the effectiveness of such a force in fulfilling these important obligations—the protection and surveillance of our territory, our air space and our coastal waters.

While I do not agree completely with the submissions of Rear Admiral Landymore, I believe one of his main fears is that the proposed unified force would be unable to carry out effectively the protection and surveillance of our coastal waters in particular. There will be fairly general agreement that the three objectives of policy to which I have referred are to be commended. But though general agreement may be reached as to objectives there are wide discrepancies of opinion as to how these objects can best be achieved. One of the reasons for this lack of agreement may be differences of opinion as to the type of military challenge which may confront us in the future.

Will we be faced by a nuclear threat? There are many people who have come to the conclusion that as far as Canada is concerned this is not a very serious prospect at the present time. A few years ago there was a great deal of discussion about the degree of probability of a nuclear attack in which Canada would be involved, and we have gone to considerable expense in order to meet that challenge. Whether or not that expense was justified is open to question.

In the course of the hearings before the defence committee shortly after it had been set up, a former military officer, now a military analyst, appeared before the committee. This gentleman, Mr. John Gellner, wrote an article which appeared in the magazine *Executive*, of February, 1966. Referring to the cut-off date of 1964, he said:

> Until then, Canada had followed the American lead and concentrated almost entirely on means of deterring the big, i.e. the nuclear, war, and if it came to the worst, possibly fighting a limited kind of such a war.

Later in the article he states: "It all resulted in a fantastic waste of effort and money". I think there are a great many people who would agree with Mr. Gellner's observation.

So there are those who envisage a nuclear war in which we must participate and there are others, in my estimation by far the larger group, who suggest that Canada is more likely to find itself engaged in wars of a conventional or local type.

The question raised by the hon. member for Vancouver East (Mr. Winch) is most important. What is Canada's role to be in any future conflict? If the minister could outline for us in some detail the role Canada is likely to play in the event of such a conflict, I believe it would help the members of this house as well as the public in general and those serving in the forces to understand his policy better.

• (6:20 p.m.)

In order to meet the challenge, whatever it may be, there are those who would like to hold to the status quo. They contend that what we have at the present time has served us admirably in the past and will continue to serve us effectively in the future.

Without question, Mr. Speaker, Canada's armed forces have proven themselves in the last two world conflicts adequate for any and every situation. Those of us who had the opportunity of going overseas with the veterans affairs committee some months ago to visit various countries and meet the people there who came to participate in the memorial services which were held can testify to the fact that these people stated very clearly and definitely their appreciation of the role that Canada played in those two major conflicts. One man asked members of the committee on one occasion to convey to Canada the thanks and appreciation of his countrymen for the contribution that the Canadian forces

had made in securing and providing for the maintenance of liberty and freedom so that they were able to bring up their families to enjoy the benefits of a democratic system of government. I am sure that every member of this house whether he has served in the armed forces or not, as well as every other Canadian, would agree that Canadian forces have made a tremendous and effective contribution to the defence of freedom and liberty in days gone by. Therefore it is logical that there are those who say that what has been good enough for Canada in the past is good enough today. They contend that what has served us so effectively in the past will continue to serve us effectively in the future and that our forces should remain as they are.

On the other hand, Mr. Speaker—and this is the position that the Minister of National Defence and the associate minister are taking—there are those who contend there must be a radical change or reorganization of Canada's armed forces if they are to meet the demands and challenges of the future. As a result we now have before us the proposals which are incorporated in the particular bill now under discussion.

I should like to refer to the defence committee which was established some time ago. I suppose this present proposal was a new concept, and I remember in the 1950's, before my enforced holiday following the 1958 election campaign, making the suggestion that Canada should have a non-partisan defence policy just as it had been following, generally speaking, a non-partisan foreign policy. I suggested that a committee should be set up to study the whole matter and to give advice and counsel to the minister and the government in arriving at defence policy. That suggestion was not accepted. Later, Mr. Speaker, it was suggested that a committee ought to be set up and the government was urged to do so. We then found during an election campaign that the Liberal party picked up the proposal—I am not sure whether they took it solely from us or from us and somebody else as well—and established a defence committee.

It was my privilege to serve on that committee for a time and I appreciate the experience that was gained. However, I must say I was sadly disillusioned in a very short time over the role that the defence committee was to play in the formulation of policy or in a study of defence matters. The minister stated before the special committee on defence on June 27, 1963, that the committee would give hon. members an excellent opportunity to inform themselves on defence matters and to contribute to the determination of defence policy for the years ahead.

Perhaps the first part of his statement has proved to be true. At least, it has as far as I am concerned because I must admit that my understanding of defence matters was very limited and in fact is still very limited even today. Therefore it did give us an opportunity to study defence matters and to inform ourselves. However, as far as contributing to the determination of a defence policy for the years ahead is concerned, I can see no such contribution anywhere.

I can remember the minister coming to the defence committee or into this house on occasion and making statements setting out policy even on matters under discussion at the time by the defence committee. Whether he was anticipating the views of the committee or not is open to question, but I think some members of the committee and some members of the house took it that the minister was just going ahead on his own without reference to the committee, laying down policy and then saying: "Well, you can inform yourselves on the policy and here it is but you are not going to have any part in the determination of the policy".

I suppose I was rather naïve in expecting such a thing would happen, Mr. Speaker. Perhaps other hon. members were naïve too. But I insist that as far as the committee's work is concerned I cannot see that it has had any effect whatever on the determination of a defence policy for Canada.

Having said that, as a general principle we support the course that is being followed in the reorganization of the defence forces of Canada. I would make the reservation that we do not necessarily agree with everything contained in the bill, but we have taken the position on other bills before the house that debate on second reading involves the policy or principle and is not a debate on all the details and provisions of the bill. In discussing this question with my colleagues we have agreed that this course if desirable and advisable.

Many distinguished officers have voiced opposition to the program. We have read constantly in the newspapers of this or that officer making such and such a statement in criticism of the unification program. We have had a mass of material sent to our desks outlining their objections in great detail and why they are objecting. This matter has been raised

in the house on many occasions. In fact, the question was asked today: Why is it that so many eminent military leaders have found it necessary to resign or be ousted because of the position they have taken in respect of the unification proposals. Even though many distinguished officers have voiced opposition to the program, there must surely be equally distinguished officers who support the course that is being followed.

In this regard, Mr. Speaker, I have come up against a problem. On November 1, 1966 the Associate Minister of National Defence (Mr. Cadieux) quoted an article written by General Foulkes in support of the concept of unification. Yet I have heard this same gentleman referred to as one who opposes the concept of unification. I do not know which to believe. Perhaps I might refer to the statement to which the associate minister referred, as it appears at page 9395 of *Hansard*. He stated that General Foulkes was reported to have said the following in the *Star Weekly* magazine of November 14, 1961:

• (6:30 p.m.)

We need one single armed service under one supreme chief of staff in one uniform. We need to organize our armed forces in the form of task forces designed for their particular jobs, at home or off our coasts or in Europe or with the United Nations. They should each be given the strength they need for their particular job at a given time. They would have no fixed establishment with rigid ladders of promotion, as the three services have now. They would all come under one system of administration, and by this means—and only by this means—I believe, the taxpayers' legitimate complaints of extravagance, duplication and waste can be removed and Canada can start to get real value for its defence budget.

Now, Mr. Speaker, as I say, I am having some difficulty in reconciling this statement with some of the statements which have been attributed to this same eminent officer by some of those persons who argue against unification. I have several articles here. One which appears in the Ottawa *Citizen* November 12, 1966, is entitled "Top officer gives support to Hellyer's defence plan". The article is referring to Air Marshal F. R. Sharp, vice chief of the defence staff. There also is an article which appeared in the *Globe and Mail* of November 15, 1966, which quotes the chief of the defence staff, General J. V. Allard as supporting the policy of the minister. Perhaps I might read just the first two paragraphs:

The chief of the defence staff, General J. V. Allard, yesterday defended the integration and proposed unification of Canada's armed forces and said it is not the intention to make the forces a melting pot of individuals without identity or pride in their environmental and functional affiliation.

[Mr. Patterson.]

He insisted that each of the three present services will continue to operate in an environment of their own "keeping the traditions associated with their operating environments at the unit level".

Are we to assume, Mr. Speaker, that those who are serving officers at the present time support the principle of unification, but when they get out of the service they state something completely different. It almost would seem that way. Therefore if that be true, then it would seem that we cannot believe the officers who are presently serving. It would seem that they are being required to state government policy and say that they agree with it, and believe it is the only thing. I think possibly the minister might refer to some of these contradictory statements and perhaps clarify them for us.

Mr. Hellyer: Mr. Speaker, I rise on a question of privilege. I do not think my hon. friend wishes to make that suggestion. It would be grossly unfair to the officers who presently are serving. It also would be grossly unfair to the minister and associate minister, because we have not required anyone serving to make statements in favour of the policy, nor would we expect them to make such statements if they did not believe in them. I believe that is only a fundamental courtesy which we might extend to them and others who have retired, and who have different views.

Mr. Patterson: I certainly would like to agree with the minister, but as I say, I am in a quandary because here we have an example where in 1961 General Foulkes apparently stated his full support for a single armed service with one chief of staff, one uniform and so on, and yet he is being quoted as being in opposition to the unification program, now that he is retired. The minister shakes his head. Perhaps I have misunderstood some of the statements made by members of the official opposition. However, may I assure you, Mr. Speaker, that I am not in any way trying to decrease the stature of those who have served or who are serving; I am not attempting to do that. I am just trying to state my position in an attempt to understand just why these seemingly contradictory statements are being made by the same individuals.

I have stated that generally we support the policy as outlined in the bill, but I believe the minister is to be blamed for being so close-mouthed in the past, if he in fact was clear headed enough to know where he was going and what he intended to do. I should like to go back to November, 1966, and read two or

three brief sections from an editorial which appeared in *The Legionary* regarding this particular matter. I do not intend to read this consecutively, but will pick out portions here and there. In doing so, however, I am sure I will not be doing a disservice to the entire article:

The Legion's request was contained in a letter to Prime Minister Pearson, dated August 26, from Donald M. Thompson, the Dominion Secretary and read as follows:

"The members of the Royal Canadian Legion have always taken a keen interest in developments affecting Canada's defence forces. One of the purposes and objects included in our Act of Incorporation states: ..'.to strive for peace, good will and friendship among all nations, at the same time advocating the maintenance by Canada of adequate and sufficient forces on land, sea and in the air for the defence of our country.' "

I shall now skip two paragraphs:

"We have been deeply concerned at some of the public statements which have been made lately, both by those opposing and those proposing complete unification of the Canadian forces. In spite of our best efforts to understand the situation we are compelled to say that, because of the lack of authoritative, clearcut information and explanation we find ourselves unable at this moment to form a sound judgment on the whole question.

The Royal Canadian Legion is not interested in the partisan politics which appear to be developing in connection with this question."

At this point I shall move down to the next paragraph:

"The Royal Canadian Legion urges your government to make clear, without further delay, the detailed plans connected with the integration, and particularly the proposed unification, of the forces so that the judgments made by Canadian organizations and citizens will be based on frank and comprehensive official information and fact, not on rumour and supposition, as seems to be largely the case at the present time."

So it is evident from this editorial that the Canadian Legion was very perturbed over the fact that although there had been a great deal of discussion and debate, and many statements made for and against, they had not been given the necessary information upon which to base their own conclusion and decide whether the program was or was not worth while. I shall not take the time to read the statements made by Admiral Landymore, but I should like to refer to pages 6 and 9 of the brief he prepared for the committee on national defence. Here he states his concern that sufficient information has not been given to enable them to arrive at intelligent decisions and recommendations. There was a lot of talk about unification and integration, but as far as unification is concerned there was nothing to indicate just what the minister had in mind. This was one of the things which really disturbed Rear Admiral Landymore. He stated that this disturbed his officers and his men. While I do not agree with his attitudes, his words, his actions or his influence, I realize there was some excuse for his position. Perhaps this could all have been avoided by some clear-cut statement of policy on the part of the minister.

• (6:40 p.m.)

The minister must be blamed therefore for allowing this state of uncertainty to exist for so long. The natural consequence of that was the building up of resentment and antagonism. This would not have occurred if accurate information had been given to those vitally concerned. In this way the rumours, reports, misinformation and misstatements would have been eliminated.

The minister must also be blamed for proceeding so far in the implementation of this policy, which has not as yet been approved by this parliament. The hon. member for Vancouver East (Mr. Winch) stressed this point to a considerable degree, so I will not refer to it further. I do believe the minister must be blamed in this regard, and that he should not have proceeded so far before obtaining the approval of this parliament.

We are in support of the principles of the bill and unification. Let me refer to a statement of Social Credit objectives, principles and policies which was published I believe in 1958. This is Social Credit policy, so I should like to put it on record here. Let me quote from page ten of this booklet which states that the Social Credit party in respect of national defence would adopt—

(a) A realistic defence policy based on the following premises:

(1) Canada is and intends to remain a non-aggressor nation.

(2) Canada's geographical factors and small population make sustained effective defence against a major aggressor impossible without the aid of other nations.

(b) Having regard to these facts, a Social Credit government would:

(1) Re-design Canada's defence strategy and military forces to eliminate useless expenditures on forms of defence obsolete in the light of modern circumstances.

(2) Concentrate on establishing powerful well-equipped, highly mobile forces strategically deployed and capable of immediate airborne transport to any area of Canada.

Having supported a statement of policy such as this it would be difficult for us to turn around, even if we had any desire to do so,

and oppose the measures proposed by the minister. We still believe that in the light of modern conditions this is a commendable, satisfactory and logical position to take in the re-organization of our forces.

One reason suggested for unification was economy of operation. Some members of the house during this debate went to great lengths in an endeavour to prove that economies would not result. I have not gone into this particular matter, but the minister has said that economies have and will be effected. I suppose the only thing we can do is wait and see, and then make a judgment.

Mr. Churchill: May I ask the hon. gentleman a question?

Mr. Patterson: Yes.

Mr. Churchill: Would the hon. gentleman compare the estimates from year to year, which show there has been no decline in expenditures, or savings as a result of this policy.

Mr. Patterson: Perhaps that is the case, but we must recognize the fact that the minister has already stated that we would save money so far as administration was concerned, but that money would be used to update our equipment. When that has been achieved it is hoped there will be a saving. Even if we just update our equipment in this way, I think this is a worth-while step so far as the operations of our defence forces are concerned.

Perhaps many members of this house, if not all, will agree that this policy is desirable and worth while from the standpoint of administration. In the final analysis this is a proposal which is somewhat commensurate with Canada's resources. We must admit that we have a relatively small population and do not have the tremendous resources which would enable us to move into the big league, as it were. We must therefore fulfil the vital and important role to which we can adapt our forces.

Mr. Winch: Specialized, though.

Mr. Patterson: Yes, that would be right.

I believe that this bill embodies a move in the right direction, and in conclusion I should like to ask the minister to clarify for us, for the people of Canada and for the armed forces what the role of the Canadian Armed Forces will be in the future. If we can obtain the answer to that question perhaps we can more intelligently discuss this whole matter of national defence.

[Mr. Patterson.]

The special committee has its work cut out. Reference has been made to the attempt to put this bill before the committee before second reading. At that time, commencing on that suggestion, I stated that would be contrary to the usual procedure of this house, but I also said perhaps this is one instance when we should depart from usual procedure. Perhaps by doing so we might have allayed the fears of those who are apprehensive about this whole program of unification. We trust that as a result of the studies to be conducted by the committee when this bill is referred to it, the information gleaned and the recommendations made, an effective program will be developed which will safeguard and promote the freedom and integrity of not only Canada but the entire free world.

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, it is always a pleasure to speak after the hon. member for Fraser Valley (Mr. Patterson). I was pleased that he referred in the course of his remarks to the visit by the veterans affairs committee to many of the battlefields in Europe. It was certainly my conclusion, after the briefings we received in places such as the Somme, Dieppe, Arnhem, the Normandy beachhead, Mount Cassino and Ortona, that military science is constantly in the process of change. If we are to progress and accomplish those high aims for which our armed forces were established, namely the maintenance of peace, we must constantly re-examine basic issues and have the courage to deal with them.

• (6:50 p.m.)

There was the suggestion in the remarks of my hon. friend that the Minister of National Defence has not been frank. To me this is, with respect, a ludicrous assertion. I wonder when in the history of Canada, even during the period of the two wars, Canadians have ever received as much information with respect to defence as was given to this house on December 7, 1966, in the lengthy, detailed, almost exhaustive statement of the Minister of National Defence.

Mr. Winch: It is what was left out that bothers us.

Mr. Matheson: I wonder when in the period prior to 1963 we ever heard between 100 and 200 extraordinarily able people of this country, and elsewhere, giving evidence on defence matters. Where else has any group of parliamentarians been able to hear defence

policy discussed from every aspect—tactical, strategic, logistic—and intelligence of the quality that we received in the defence committee?

I am reminded of John Walker's comments on C.B.C. in the program "Preview Commentary" of September 20, 1966, when he said:

> When the session adjourned recently, the Conservative member for Halifax, J. M. Forrestall, was accusing Mr. Hellyer of "illegal" actions in unifying the services before the bill is presented this fall and charging him with putting things over on the members.
>
> His argument, like that of the military men who claim they never knew unification was planned to begin in 1967, is a hollow but desperate one. It was reasonably clear from the white paper of March 15, 1964, that unification was supposed to begin some time between March, 1967, and March, 1968, the details and extent to be worked out by the new single defence staff, as Hellyer repeatedly told the defence committee.

Incidentally, if I may interpolate for a moment, because I wish to continue with Mr. Walker's comment, if we examine the address of the Minister of National Defence of December 7 last, it seems perfectly clear that a period of years will still intervene before there can be anything like complete unification. This is a process that will tend to continue and improve as each year goes on.

Mr. Churchill: Not with the same minister, I hope.

Mr. Matheson: Perhaps not with the same minister. He may be prime minister by that time.

Some hon. Members: Oh, oh.

Mr. Matheson: Mr. Speaker, may I continue with what I think is very fair comment by John Walker on the C.B.C.:

> This was confirmed in a long directive sent out to all the forces April 2, 1964, repeated by Vice Admiral H. S. Rayner the next day in a personal notice in every naval wardroom and barrack. "The end objective of a single service is firm", he said, although Admiral Landymore apparently didn't get the message for another two years.
>
> And on April 9, 1964, Mr. Hellyer told the Commons that it was correct that for planning purposes the defence department "considers July 1, 1967, as an acceptable target date for the unification of the three forces".

I believe that in military matters, as in other matters, if you are to move you have to decide to move, you have to get the engine into gear and have the courage to move. This is precisely what has happened. John Gellner gives us an idea of the administrative background of this whole situation. The only satisfaction we as Canadians can take from a review of our situation is that similar conditions have prevailed in most other western states. John Gellner says:

> To understand the revolution in national defence management, one must first look at what the practice used to be.

I am pleased that my hon. friend the former minister of national defence, the hon. member for Calgary North (Mr. Harkness), is in the chamber. I think we can describe the situation that prevailed for a long while between wars. John Gellner continues:

> In the past, in peacetime, the defence minister of a western democracy was only the spokesman of the services in the cabinet and in parliament, and the interpreter to the services of the government's policies. He did not usually take a hand in planning strategy. He was not even the co-ordinator of planning. Co-ordination was done by a chiefs of staff committee, and by other joint committees of the services (in Canada, there used to be about 200 such committees).

This is the sad way in which defence policy developed during the peacetime years. John Gellner continues:

> These, split by service rivalries, were not the best instruments for common action.
>
> Each service drew up its own budgetary requirements, usually on the basis of its own conception of what its mission was.
>
> Invariably, the requirements submitted totalled much more than the government was willing to spend. After much haggling they were pared down so that each service got its piece of the pie.

This may have been 40 per cent for one service, 40 per cent for another and 30 per cent for the third, with not much more logic to it than that. Gellner continues:

> The size of it, however, was as often as not determined on the basis of arbitrary ratios rather than on rational division.
>
> The tendency to look at a military problem in isolation was also prevalent when it came to judging individual equipment programs.

I like what Ron Collister has said by way of summary in his excellent series entitled "The Unification Issue," when he sums it up in this way:

> Unification is on its way because it makes sense to the new generation, in or out of uniform, on the grounds of economy and efficiency in 1966 and the age of science.

My hon. friend from Fraser Valley was challenged by a member of the official opposition a few minutes ago on the question of whether the Minister of National Defence was in fact effecting economies for Canada in this program of unification. I am reminded of a

visit I had to our brigade in NATO and talking to a number of friends, some of whom had been servicemen in world war II and old comrades. It was a very sad picture that we received attesting to the depletion of materiel. We did not have adequate guns, we did not have adequate gun tractors or recce equipment. It was entirely inadequate. One could refer to every branch of the services and find that we had failed to keep up with our materiel requirements. I am speaking off the top of my head, but I believe for a while we were spending only about 17 per cent of the defence budget for equipment. While our total defence costs remained constant we were in fact disarming.

During this period administration costs tended to climb, costs for personnel were very much larger; so there was the piling one on top of another of administration staffs. Finally we were so overloaded with overhead costs that we were becoming an army that could scarcely have fought any decisive action anywhere. Perhaps we were fulfilling a useful role as a diplomatic force, and I do not minimize the importance of this. Our attempts to meet our NATO commitment must always be regarded partially in this light. But if our presence in Europe is important or is to be regarded seriously anywhere, we must equip a force in such a way that it can in actual fact perform its task effectively.

I should like to refer, if I may, to the conclusions of people who are not in the public service at this time, either here or elsewhere, but who stand out as giants I think in the field of military science. I feel that many of these people have in their own way and as a result of their experience, some of them in world war I, world war II and Korea, come to the certain conclusion that for optimum military efficiency unification is necessary.

May I call it seven o'clock, Mr. Speaker?

Mr. Hellyer: Mr. Speaker, it was suggested that we rise from seven o'clock to eight o'clock to permit hon. members to have dinner. If this is unanimously agreed, it might be so ordered.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[Mr. Matheson.]

• (7:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty pursuant to standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Winnipeg North Centre (Mr. Knowles), unemployment insurance—request for increase in maximum benefits; the hon. member for Lac-Saint-Jean (Mr. Simard), bankruptcies—consequences of bankruptcy of Prudential Finance Corporation and subsidiaries; the hon. member for Prince Edward-Lennox (Mr. Alkenbrack), Canadian National Railways—inquiry as to remuneration for fire damage.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Mr. Matheson: Mr. Speaker, just before the dinner recess I presumed to suggest that what the Minister of National Defence (Mr. Hellyer) has done for Canada's defence policy is to implement the recommendations of some of the most prophetic and knowledgeable people in the military field known to our times. May I refer to an article which appeared in the Canadian Army Staff College Journal, period 1959 to 1961, written by J. G. Forth of the Royal Canadian Engineers under the title, "Unification, when, how, why?". The author of that article concluded that the existence of three or more separate services in modern national defence forces is an illogical relic of the past perpetuated by inflexible thinking, vested interests and individual service fear of extinction. He said that a clear distinction of roles for each service is no longer possible; that as time passes this overlapping of function continues to increase with resulting waste in research and development programs,

in manpower and time. He said that the ever expanding area of overlapping of functions and the continual development of new weapons and concepts of war point clearly in the direction of service unification.

He concluded that the development of a single, unified service would lead to an increased efficiency both in logistics and operations; that unification would eliminate the need for combined staffs; would eliminate interservice jealousy and rivalry, and it would make possible the more efficient use of resources available at every level. What was required here or anywhere else where this problem was under consideration was a person with a very sharp mind and an appetite for action, and that is what Philip Smith of *Weekend* magazine concluded was our happy fortune in the Minister of National Defence, a person possessed of the courage to act on the conclusions of past experience.

Hon. members might be interested in some of the quotations that are available from different authorities. General of the army Douglas MacArthur said:

> The great lesson for the future is that success in the art of war depends upon a complete integration of the services. In unity will lie military strength.

Mr. Churchill: That is integration.

Mr. Matheson: I am not interested in semantics; I am interested in the development of an idea. I should like to quote what Dwight D. Eisenhower, General of the army, said:

> Unity of command in the field so vital to our success was not easily achieved. When war came at Pearl Harbour we had joint command. It was not until we surprised the enemy in North Africa that the first large scale example of unified command emerged. But it was a new device and there were many difficulties which yet remained to be overcome. All of these had to be met and surmounted during actual operations when lives were at stake—
>
> The navy, the air force and army must work as a unit. If I had my way they would all be in the same uniform.

This is General of the army Dwight D. Eisenhower speaking, and many of us in this chamber had the satisfaction of serving under this outstanding military leader of this century.

President Truman said:

> We should establish the most advantageous framework for a unified system of training for combined operations of land, sea and air.

All of us can remember what Lord Lovat did with a united task force and what Mountbatten did in difficult days and what Wingate did in the east. General of the army, Henry H. Arnold said:

> Not only unity of command is required, but unity in the preparation of programs, preparation of supplies, preparation of ships and allocation of ships, and movement of supplies.

There was a reference a little earlier by the hon. member for Fraser Valley (Mr. Patterson) to our visit to Europe during the summertime. I remember studying for some hours the landing beach at Dieppe. The tragedy which developed from that fateful operation—I say this with humility and respect —would not have happened had there been the unity we are seeking to provide for our forces by this piece of legislation.

Then, Marshal of the Royal Air Force, Sir Arthur Harris, known as "Bomber" Harris, said:

> There is only one answer to this otherwise inevitable tendency in each of the services to get tied to a particular and invariably obsolete weapon, and all weapons are obsolete as soon as they are in use. There must be only one service; the survival of three of them at this stage in the development of armaments is wholly idiotic, and there never was any reason or need for them at any time.

• (8:10 p.m.)

Some years ago when talking to some friends from the Royal Canadian Horse Artillery in Europe I was told precisely the same thing. I was given to understand that some weaponry used in the army was used also in the air force and in the navy.

Lord Louis Mountbatten said:

> I do not believe that a committee composed of the respective commanders-in-chief, even if it had been under the chairmanship of a minister of state, could have functioned with the advantages which the Supreme Allied Commander enjoyed.

Field Marshal Montgomery said:

> It is a grave question whether any large military organization which is not closely integrated and gripped tightly at the top can adapt itself successfully to the required speed of modern life.

The Duke of Edinburgh, respected all over the scientific world, tells us this:

> Any idiot can go on doing what has been done before, but it takes real courage, intelligence and character to assess the needs of the future, to devise a sound program and carry it into effect. This is particularly true of the armed services, which become merely an expensive luxury unless the process of improvement, modernization, forward thinking, and planning goes on continuously.

He was speaking at the Royal Society of Military Engineers. Some of my friends might be interested in reading the book "Three Continents" by Field Marshal Montgomery of Alamein, published in 1962 by Collins of

London. In the chapter "The defence organization of Britain" he writes under the heading "One fighting service: not three". Montgomery concludes:

> Progress and development in the modern world have outmoded the old conceptions of the organization of armed forces; but we cannot see this, so strong are our habits and traditions. The separate existence of the three services, sea, air, and land, automatically results in waste of money, waste of manpower, waste of time.

Mr. Lambert: Nonsense.

Mr. Matheson: Nonsense, is it? Perhaps my hon. friend sat too long reflecting about war and the tragic circumstances of Dieppe, because if unification had been implemented earlier, if he had more assistance on the beaches of Dieppe he might not have been a prisoner of war for so long.

Mr. Lambert: It would have taken more than that.

Mr. Matheson: I suggest that listening to Montgomery, who had some experience in war is worth our while. He said:

> The separate existence of the three services, sea, air, and land, automatically results in waste of money, waste of manpower, waste of time...
>
> But the greatest fact of modern times is that change is inevitable;...
>
> Progress depends on courage to make decisions to meet the needs of the times.

He says that this confusion in military thinking is the result basically of the old feudal system of three services. He said:

> The old feudal system, first of two services and now three, has existed for too long—

He says this, and I quote:

> It seems to me to be ridiculous to go on in this way. Obviously we cannot today go over to one service—

He is speaking about the United Kingdom. He suggests that the final step must be to abolish the three services and organize them into one fighting service under a single war department.

I notice in another statement he concludes:

> If the United Kingdom were today a recently created state organizing the fighting forces it is inconceivable that they would be separated into three services.

This step of course invites all kinds of opposition. I can understand people who love tradition being upset. I do not believe there is any person involved in the implementation of this operation who does not care about tradition. I should like to touch on some of this in a minute. Nevertheless, we are compelled to come to certain conclusions. I was interested to read the observation of a prominent Canadian who, when speaking of the Minister of National Defence, said:

> He has perhaps more integrity than any man I've ever met in public life,—

These words were spoken before the Christmas recess. I think we are exceptionally fortunate in Canada to have this minister at this time willing to undertake this difficult and in some respects unpopular task which must be done.

Mr. Bell (Carleton): Disastrous.

Mr. Matheson: Disastrous, the hon. member for Carleton said. Well, General Charles Foulkes, former chairman, chief of staff committee in the *Star Weekly* magazine of October 14, 1961, said something about this—and my hon. friend from Carleton was sitting over here in those days where he might have done something about it. The *Star Weekly* article I refer to states unequivocally:

> We need one singled armed service, under one supreme chief of staff, in one uniform.

The author General Foulkes, says that only then can Canada start to get real value for its defence budget.

Mr. Harkness: You had better read what he wrote in 1960.

Mr. Matheson: Perhaps my hon. friend who formerly had responsibility in this regard would listen. Perhaps it was not his fault that his defence policy was so utterly paralysed, going in opposite directions. Perhaps he would not mind listening to our Minister of National Defence who has put his reputation on the line. Our minister is prepared to carry this through. Believe me, many Canadians feel this makes good sense.

One of the things that appeals to me in this program is that it will undo the confusion in trades. John Gellner tells us that there are 346 separate trades in the services. A careful, study, conducted since October, 1964, has shown that there need be only 98. Of these, 28 are unique to one service and will exist only in one. The remaining 70 trades will be common to two or all services. He says:

> To integrate these trades was the only sensible thing to do. It should have been done long ago.

Some of us have had an opportunity to discover how, for a period of years there was an oversupply in some trades, and a great

shortage in others. Continuing quoting from John Gellner:

> The purpose of consolidating the service trade structure is the same as that of the whole unification drive; to achieve economies in manpower and money, which then can be plowed into the acquisition of more military muscle. There is no doubt that the integration of the 70 common trades will make the whole force more flexible; will allow the keeping of a simple manpower inventory, and will reduce costs of training and administration.

I like the way the minister dealt with this matter at page 10829 of *Hansard* on December 7, 1966, when he spoke about careers. He says:

> For able and highly motivated individuals both officers and other ranks, wider, more challenging and rewarding career opportunities will be available.

Mr. Speaker, I hope we never need to have a large service force in Canada, but it is imperative that men who are gifted militarily ought to be able to serve in some challenging capacity. They should be trained so that they might make their best contribution to the development of the force. This was spelled out by the minister, in my view, in a very satisfactory fashion. Blair Fraser, writing in *Maclean's* magazine of August 20, 1966, says that nobody has yet made a case against unification. He says:

> The subject has been debated for 20 years, but the argument has always been between reform on the one hand and inertia on the other. Nobody has ever risen to explain, in terms a civilian could understand, why the services should not be united.

In a few minutes we shall hear from the former minister of national defence. His own defence policy was a tragedy—perhaps not through his fault, but because of divisions inside his own government. Perhaps for the first time during this debate he will present the case against the principle of unification. I shall be interested to hear him because on the unification side we have some men for whom I entertain the greatest respect. One of these is Lieutenant-General W. A. B. Anderson. He was born in 1915 and graduated from R.M.C., which he attended from 1932 to 1936. He was commissioned as a lieutenant in the Royal Canadian Horse Artillery, was promoted to lieutenant-colonel in April, 1942, and from there on he held first grade appointments until appointed to command the 15 Field Regiment, R.C.A.

My hon. friend will be interested in this, because I am sure that he recognizes that Anderson is now one of the outstanding military men of this continent. He served as a general staff officer, Grade 1 (operations) headquarters, Canadian army in northwest Europe from May, 1944, until his return to Canada. He was promoted to colonel in February, 1946, and he was appointed director of military intelligence, and later director to the Canadian Army Staff College. In 1962 he was promoted to major general. In 1964 he was appointed chairman of a senior officers study group. In 1966 he became a lieutenant general and commander of Mobile Command.

• (8:20 p.m.)

Or consider a man like Michael E. Pollard, a man with a fantastic record as a medium bomber pilot, decorated on several occasions for gallantry during the war. In 1952 he was posted overseas to command the R.C.A.F.'s fighter wing at Grostenquin, France and in the following year he assumed the duties of senior air staff officer at 1 Air Division headquarters, Metz. We remember our visits there and the reputation Pollard enjoyed, within the European theatre.

In the summer of 1966 the headquarters of Canadian Forces Air Defence Command was moved to North Bay to be re-located with the headquarters of the Northern NORAD region. At that time Air Vice Marshal Pollard was appointed commander of both Air Defence Command and Northern NORAD region.

All of us know Major-General Robert P. Rothschild, known all over Canada, as the "Baron". He was born in Cochrane, Ontario in 1914, and educated at the Royal Military College and at McGill University. Commissioned in the Royal Canadian Horse Artillery in 1938, he went overseas with the 1st Canadian Infantry Division. He returned to Canada in 1916 when he was appointed commandant of the Canadian Army Staff College in Kingston, Ontario. In 1951 he was appointed a commandant of the National Defence College and two years later was named deputy co-ordinator, joint staff, at National Defence Headquarters in Ottawa. On March 15, 1960, General Rothschild was appointed commander, Canadian Army Liaison Establishment and army member of the Canadian joint staff, London, England. He was appointed quartermaster general of the Canadian Army in August, 1962 and promoted to the rank of major general. In August, 1965 he was appointed Commander, Materiel Command. We are so fortunate to have Rothschild where he is now as one of our top planners.

And what about the brilliant Canadian who is in command of our defences, General Jean Victor Allard, the holder of the CBE, the Distinguished Service Order and numerous

other decorations conferred by governments here and abroad. He is a young man; he was born on June 12, 1913, in Ste. Monique de Nicolet, Quebec and commissioned in the non-permanent active militia in 1933. It is a matter of great pride to those who served, or still serve, with the militia that General Allard has got where he is today. I remember him as second in command of the Royal 22nd in 1943 while the regiment was serving in Italy. In December, 1943 he won the D.S.O. for gallantry, initiative and military skill in the battle of the Arielli River, near Ortona. In January, 1944, he has appointed commanding officer of the regiment and in September of that year was awarded the first bar to his D.S.O. for outstanding service during the breakthrough of the Gothic Line. In 1945 he was given command of the 6th Canadian Infantry Brigade in Holland where he won a second bar to his D.S.O. After a year at the Imperial Defence College in England, where he is still well remembered, he became vice quartermaster general for the Canadian army.

Jean Allard returned to the field of action in April, 1953 as commander of the 25th Canadian Infantry Brigade Group in Korea. He represented Canada at the truce signing ceremonies at Panmunjom on July 27, 1953. In 1965 he became the first commander of the newly created Mobile Command and in 1966 he was promoted to general and appointed Chief of the Defence Staff.

Or we could consider navy people such as Vice Admiral Ralph Lucien Hennessy, D.S.O. Born in 1918, Admiral Hennessy is still a young man. He entered the navy as a cadet in 1936 and joined the Canadian destroyer *Assiniboine* in 1939, serving in her for the next three and a half years. As executive officer he was awarded the Distinguished Service Cross in August, 1942, for his part in the sinking of the German submarine U-210. In 1944, while in command of the *Assiniboine* he served on North Atlantic convoy duty until the end of the war. When H.M.C.S. *Micmac,* the first Canadian built Tribal class destroyer, was commissioned in September, 1945, he took command. In 1956 he was appointed in command of H.M.C.S. *Niobe,* R.C.N. headquarters in Britain, and additionally as chief staff officer to the naval member, Canadian joint staff (London).

Admiral Hennessy served as director of naval training in headquarters from September, 1958, until he became deputy chief of naval personnel in June, 1960 with the rank of commodore. In August, 1963, he became commodore, personnel, Atlantic coast. In July, 1966 he was appointed comptroller-general having been promoted to vice admiral. Let us bear in mind the influence, at least, that the party now in the official opposition used in the making of some of these important appointments.

I could go on. I could deal with the records of Commodore Fraser-Harris, or of Air Marshal Edwin M. Reyno, or of Air Commodore Gerald Gordon Diamond, or of Rear Admiral John Charles O'Brien, a man with a particularly brilliant list of achievements. O'Brien entered the Royal Canadian Navy as a cadet from the Royal Military College in 1937, he trained and served with the Royal Navy in monitors, battleships and cruisers. In October, 1940, he joined the Canadian destroyer *Saguenay* for North Atlantic escort duties. In 1942 he specialized in communications and served as flotilla signals officer in the R.N.'s fourth destroyer flotilla. After a period in command of the destroyer *Cresent,* which vessel I have visited at sea, and a year spent on the staff of the Supreme Allied Commander, Atlantic, he became executive officer of H.M.C.S. *Stadacona,* R.C.N. barracks at Halifax in 1953 and was later executive officer of the aircraft carrier *Magnificent.*

Admiral O'Brien took command of the aircraft carrier *Bonaventure* in September, 1959. Two years later he became naval member Canadian joint staff (Washington) and commanding officer H.M.C.S. *Niagara,* R.C.N. establishment in Washington. He was appointed senior Canadian officer afloat, Atlantic, on August 24, 1964. In July 1966 he was promoted to rear admiral and appointed commander, Maritime Command.

So we have a pretty strong team.

An hon. Member: It was a lot stronger four years ago.

Mr. Matheson: I did not hear that interruption.

Mr. Bell (Carleton): Would the hon. member tell us just what the purpose of all this irrelevant name dropping might be?

Mr. Matheson: I do not think it is irrelevant. Sometimes the admiral who makes the loudest criticism can be heard from coast to coast, in broadcasts and newscasts everywhere, while those able leaders who build day in and day out, year in and year out, are not heard from at all.

Having examined this matter from my vantage point in parliament, I am firmly of the opinion that today we have as fine a team as we have ever had in Canada's proud history.

Anyone who knows anything about General Allard's background would I think, be bound to agree. It was my privilege to serve with the Royal 22nd as a gunner officer while he was in Italy. This man is legendary. I do not think it is wrong for Canada to take a great pride in those who are now in charge of our defences. But perhaps I have said sufficient.

We must decide whether or not we shall venture upon this new ground and set the example which, some people believe, will be followed by a number of our western allies, and possibly by countries which are behind the iron curtain. This is something dramatically new. Indeed, we believe that even outer space is militarily no longer remote from the air, the land, the sea, and the waters beneath the surface of the sea. We believe that unification is a means of rendering more efficient, and giving greater clarity of purpose to, a force which we wish it were not necessary to maintain at all. But since this force is engaging the services of many of the finest elements in our nation, prepared to live their lives and give their lives for their country, then let us try to give them, as far as possible, the advantages which come to any who are engaged in civilian occupations.

We want nothing but the best for them. I believe with all my heart that in this unified program Canada is ushering in a new era in defence policy, venturing upon a policy which is fresh, creative, constructive, and designed to lead, ultimately, to world peace.

Hon. D. S. Harkness (Calgary North): In introducing the bill to create a single Canadian defence force the minister made a brief reference to the aims or objectives of Canadian defence policy. But he did not go deeply into those matters or indicate how the proposed reorganization of the defence force would enable these objectives to be pursued. Surely, Mr. Speaker, the purpose of defence forces is to carry out defence policy. Unless we start from that basic proposition as to what is Canadian defence policy and what are the objectives of Canadian defence policy, to a large extent we are really thrashing around in the dark.

• (8:30 p.m.)

I was very disappointed, Mr. Speaker, that the minister spoke for an hour and three quarters and devoted about half a minute of his speech to what are Canadian defence objectives. I was glad that the hon. member for Vancouver East (Mr. Winch) and the hon. member for Fraser Valley (Mr. Patterson) both had something to say about Canadian defence roles and objectives. I did not agree with what they had to say in many respects, but in any event I thought that they were on the right line in discussing what I think must be the essential starting point for any discussion of this bill and its implications, namely the unification of the defence forces and the forming of one single defence force, rather than the organization we have had.

At this point I should like to make some references to what has been said by the speakers immediately preceding me. The hon. member for Fraser Valley said that he did not know what were the objectives. He complained about that, and he complained about a number of other things that the minister had been doing. He then went on to say that he and his group were going to support the government as far as this bill is concerned. I submit, Mr. Speaker, that that is a completely illogical position to take. If the hon. member did not know and does not know what are the objectives of Canadian defence policy, and therefore has no conception of what will be the effect of the proposed changes on the avowed aims of Canadian defence policy, how can he possibly support the bill?

The hon. member also spoke of some difficulty that he had over various statements made by General Foulkes. That again, I think, is due to the fact that there has been a great deal of confusion over what is meant by "integration", what is meant by "unification of command", what is meant simply by "unification" and what is meant by what the minister now calls "a single unified force".

I can well understand the confusion of the hon. member for Fraser Valley, because the minister, his representatives and spokesmen during the past three years have, I believe, deliberately confused the meaning of these terms. We have never had any precise or definitive definition of what is meant by integration, unification and so on. These terms have been used either alternately or as synonyms for each other quite regularly. This is a matter to which I will refer a little later in connection with some of the statements made by the minister in his speech.

The hon. member for Leeds (Mr. Matheson) quoted a large number of unrelated excerpts

from speeches or writings of various distinguished gentlemen, but I do not think much can be gained by taking something out of context and just quoting it; and essentially that is what the hon. member did. I should like to say at this point that I disagree completely and absolutely with the statement he attributed to Mr. John Gellner to the effect that ministers of defence of the past were, in effect, captives of their military advisers, and that defence problems during those periods were looked at in isolation in each service, with no co-ordination of effort.

This is, Mr. Speaker, without doubt completely false. It is certainly false as far as I was concerned. I know it is incorrect as far as General Pearkes was concerned. I am also absolutely certain, knowing the gentlemen and something of what they did from my experience in the department, that this is completely untrue as far as Mr. Campney and Mr. Claxton were concerned. Certainly Colonel Ralston and Senator Power showed their independence sufficiently, by their resignations from the cabinet to which they belonged at that period, to make it quite clear that they were making up their own minds and were not the captives of their military advisers.

In this respect I think that all the gentlemen I have mentioned, as well as myself, during the periods we were ministers of defence of this country did listen to the advice of the senior military officers, and on the basis of that advice, and taking into consideration political facts, financial demands and matters of that sort, we came to a decision as to the course of action to be followed.

Unfortunately, Mr. Speaker, the present minister has not followed that very wise course but has disregarded the advice of his senior officers, as demonstrated by the fact that practically all of them have now resigned or been fired, as the case might be.

I think there is no question that any reasonable method of carrying on defence activities and defence policy in any country must be based on the general course that has been followed up to the present time, such as for example weighing the advice of senior military officers, and other factors concerned, and then coming to a conclusion on that basis, rather than disregarding these officers and, if they disagreed with you, firing them or otherwise getting rid of them.

The hon. member for Leeds tried to demonstrate that a considerable number of distinguished military leaders of the United States were all for a single unification system. But the actual fact is that the United States has not gone for a single unified force. The hon. member for Edmonton West (Mr. Lambert) put on the record this afternoon a considerable amount of evidence from Mr. Zuckert, who for several years was secretary of the air force in the United States, as to why, although he himself had been convinced for years that complete unification was the answer after several years of experience he found it was not the answer, and that it was unwise to proceed with it. This again is another matter to which I shall refer in dealing with some of the points made by the minister in his speech.

I had started out to say, Mr. Speaker, that in my view a consideration of this whole matter must start with the roles or objectives of the defence force you want to create, or which you have in existence, and how they can be fulfilled. In actual fact, during recent months there have been very grave doubts about what are the minister's and the government's end objectives in defence. There is a widespread belief that while the minister pays lip service to the defence objectives followed for many years past, and which are set out in the 1964 defence white paper, his real objective is to run down our defence forces so that in the end they will consist of nothing much more than a type of police force which would be able to carry out certain United Nations peace keeping activities but very little more than that. Certainly it would be unable to meet the other stated objectives of our defence policy.

This suspected position of the government, if I may call it that, was stated in fairly bald terms in an editorial in the Ottawa *Citizen* for November 5, which as everyone knows is one of the papers which very strongly supports the government. Its editor, Mr. Young, is known to have close ties both with the Prime Minister (Mr. Pearson) and other members of the government, so therefore I think it is reasonable for us to suspect that to a very considerable extent his utterances and editorials reflect the thinking of the government, or some of the most important people in the government.

• (8:40 p.m.)

The editorial reads as follows:

The evident strategic doctrine contemplated by the government is to set up a mobile force of land, sea and air services that could be moved quickly to any part of the world to undertake either a UN peacekeeping obligation, or to help fight a brush fire war on NATO's behalf.

This is what he calls the strategic position of the government at the present time. He goes on to say:

> This would require the country's air and naval units to play largely a support role for the army, rather than the semi-independent part they once took.

I do not know whether that represents the thinking of the government, but in many quarters there is a very strong suspicion that it does. From what has been going on I am afraid that it is a reasonably close approximation to what the minister and the government have been thinking and where they are heading, whilst at the same time trying to lull the Canadian people into a belief that our defence is perfectly well looked after, that the force has never been in better shape, and things along that line. This is a strategic document, as Mr. Young calls it, and the fact is that the government contends it will meet the necessities of Canadian defence or the stated objectives of our defence policy as laid down by the minister in the white paper of 1964. It would be totally inadequate to meet those objectives. The first of these aims is the direct defence of Canada, the surveillance and control of our land, water and air, and the ability to deal with any infringement of or attack on these. This of course requires naval, army and air units, each so far as its effective use is concerned acting in its own sphere.

Surely the best way in which to meet this need of Canadian defence is by maintaining the present three services. To substitute a mobile force which is mainly army, in which naval and air elements would take only a supporting role, would not enable us fully to maintain Canadian sovereignty even over our own water, land and air space. As a matter of fact if we came to a situation of that kind we in effect would have to depend on the United States for the direct defence of this country, even in the event of minor incursions. In my view this is a concept which is utterly at variance with the sovereignty and independence of this country.

Further, the objectives of our defence policy are to maintain peace by deterring and preventing the outbreak of a third global war and to maintain the security and independence of Canada itself. Clearly these objectives are, in the past 15 or 20 years have been, and in the future will be attained only by alliance with other free democratic nations and by making the United Nations an effective force. I believe that Canada's defence policy primarily must be based on strong support for NATO and a willingness on our part to make a proportionate contribution to its strength, according to our population and economic position.

The western alliance of NATO has prevented any general war breaking out during the past 18 years, and at the same time has stopped the Soviet take-over of any further countries in Europe. The deterrent power of the alliance depends on its military strength, both nuclear and conventional, and on its evident will to use this strength if necessary. It is on this point that I disagree completely and thoroughly with the ideas put forward by the hon. member for Vancouver East (Mr. Winch) on behalf of the New Democratic Party. There has, of course, been this deterrent so far as Soviet-western relations are concerned during the past two years. I think this has lulled a large number of people into the belief that there no longer is a serious threat so far as the Soviet Union is concerned. I believe this is a completely false and incorrect assumption which, if it were followed by the other powers, eventually would result in disaster. The Soviet aim of imposing communism on the world has not changed. There are likely to be continued probing actions on their part to made what gains they can and to test the will of the west to resist. The Russian adventure in Cuba was an outstanding example of this. It demonstrated very clearly, when the United States, backed by other members of NATO, showed that they were willing to employ all their military strength if necessary, that the Russians were not ready to carry the matter to an all-out war.

In order to prevent an all-out war I think the western alliance must be maintained and the members of that alliance must be prepared to continue to play a fair and reasonable part in the alliance. The military contributions of each country to NATO are based on the ability of each to contribute to the common defence. They are arrived at by negotiation and agreement, and must of necessity change with changing circumstances. I have no quarrel with the contention that the military commitment to NATO should be renegotiated, because as conditions change this becomes a necessity. However, while contributions may be increased or decreased, or one contribution replaced by another, the main thing is that when it has been agreed that certain forces will be provided, and other members of the alliance depend

on these being available, they should be produced. Otherwise the whole force is weakened, or other countries must assume the burden, with the consequent loss of a spirit of unity and co-operation within the alliance.

The alliance has been struck a severe blow because of the action taken by France. I do not think the alliance can stand a situation in which another country would take the type of action France has taken. So far as Canada is concerned we have agreed to make certain naval, army and air forces available to NATO. In my view we must meet these commitments until such time as we secure agreement to a change in them. We must not unilaterally decrease them, simply by failing to replace equipment as it becomes worn out or obsolete. This, I am sorry to say, is what is happening at the present time with regard to our naval and air contribution to NATO. From the naval point of view, the ships which we have had available are wearing out and no replacements are being built. The naval program which had been arranged when I was minister of national defence has been scrapped by the minister. About a year ago he said that another naval program would go ahead which would include four ships instead of eight; but still none of these ships has been down. Nothing has been done. So there will be a lapse of many years before there is any replacement for the obsolete or worn out naval ships.

A considerable number of the ships which we did have, have been scrapped during the past three years and, while some technical improvements have been made to the remaining ships, the total number available to carry out the anti-submarine role which we have accepted under NATO is now less than half the number we had in operation in 1963. So far as the contention of the minister is concerned to the effect that our anti-submarine capability is greater than it ever was, from the point of view of any naval man of stature this is nothing but a laugh. He would say that it is ridiculous to make a statement of that kind.

• (8:50 p.m.)

In addition to that, of course, the manpower of our navy has declined seriously. There has been a very serious loss of highly trained technical personnel necessary to man our ships at sea, with the result that a considerable number of ships still in commission are tied up at ports. The total result is that our naval strength is not sufficient to adequately meet the naval commitments which we have assumed as far as NATO is concerned and as far as our own local protection is concerned.

This situation has been caused by policies pursued by the minister. These policies have also resulted in the destruction of morale in the navy with the consequent refusal of trained men to re-engage. The projected disappearance of the navy as a separate service, if this bill is passed, will accentuate this situation and greatly decrease our ability to meet our commitments to NATO from a naval point of view.

Our air commitment to NATO was an air division of strike reconnaissance aircraft—F-104's armed with nuclear weapons. This division did consist of 12 squadrons but has now been reduced to eight. In December the minister announced, when introducing this bill, that it would be further reduced to six squadrons composed of four in the strike role and two in the reconnaissance role. This in effect means a two thirds reduction in the strike capability we are committed to supply NATO.

This reduction in our air contribution may have been agreed to by other members of NATO, but if so that has never been announced and we are not aware of that fact. Had it been agreed to, I am sure the minister or the government would have said so.

In so far as our army is concerned, we are committed to maintain a fully equipped brigade in Europe. In the event of hostilities we are committed to bring that up to a full division. With the reorganization of our defence forces now going on, the demoralization which now exists, coupled with the shortage of manpower, I doubt very much whether these two additional brigades could be supplied if they were needed.

In the event of a large-scale war it is essential for us to have the ability to mobilize our manpower. The reorganization of our defence set-up which has been taking place has undoubtedly cut down our ability to do that rapidly. This is particularly true because a number of training bases have been closed, and because the number of our reserve forces or militia has been greatly reduced. This inability to mobilize has been one thing which has been of partcular concern to a number of highly experienced and capable senior officers who have expressed their opposition to the unification plans of this government.

Another matter which is of concern to those with military experience during war is how the proposed unified Canadian force will

work in co-operation with the forces of our allies, all organized on a navy, army and air force basis. Many people believe that even if the proposed Canadian Armed Forces organization was a better one for Canada than the organization we have had, on a theoretical basis—and none of these experienced people have conceded that to be the case—we could not work effectively with the forces of our allies. This is another very serious disadvantage, so far as this proposed move is concerned.

Our support in United Nations peace keeping activities is a very important feature of our defence policy. It must be realized that the United Nations, because of its composition, cannot intervene between the two great powers, the Soviet union on the one side and the NATO Alliance on the other; but it can, with the co-operation of these powers, arbitrate the disputes of smaller countries to prevent them from spreading.

Many people in Canada, and members of the N.D.P. are good examples, believe that United Nations peace keeping activities should be our only or main military contribution. I am sorry to say, as I indicated earlier, that the government seems to be moving toward that point of view. That position disregards the fact that the general peace is really kept by NATO and that the United Nations can deal only with small countries. This is unrealistic, I submit, because no one can foresee what kind of forces may be required by the United Nations from time to time. The needs of the United Nations for peace keeping forces can really only be met by a well balanced navy, army and air force with good transport capability.

From the point of view of each of these three main objectives in respect of Canada's defence policy, which I outlined, the proposed unification will place them in a worse position to meet our responsibilities. In fact it will place them in a position in which we will not be able to meet our responsibilities adequately.

These are all reasons for the dropping of this bill by the government, or for defeating it here in the house. I should like to make one or two comments about the minister's speech of December 7. Although he spoke at great length, he did not provide one good reason during an hour and forty five minutes in support of unification as an essential or necessary program. He did not give one good reason to show that it was either militarily or financially better than the system under which we have been operating. In my submission he did not provide one single reason to support this policy.

Let me first of all deal with the defence council which was referred to by the minister and recorded in *Hansard* at page 10822 of *Hansard*. The minister sought to give the impression that although integration had gone into effect, until he had been in control of the situation for some time the defence council was a completely ineffective body. He said as reported on page 10823:

• (9:00 p.m.)

> The role of the defence council forecast in 1964 has been fulfilled during the whole period of detailed planning on the unification process and this body has in fact become an active and decisive forum for the formulation of policy.
>
> In the 29 months since defence council was reactivated in July, 1964, it has had 90 meetings dealing with matters covering the whole range of defence policy. For the 29 months preceding July, 1964, it met on four occassions.

Apparently the aim of that statement was to persuade the members of this house and the general public that under his predecessor the defence council was completely inactive, hardly ever met, and that there was no co-ordination in the department. Nothing could be further from the truth. The minister is very fond of using half truths in order to create a completely false impression. The minister was referring to formal meetings of the secretary, the assistant secretary and various other individuals, to take minutes and things of that sort. It is true that in this sense meetings were held very seldom to deal with formal matters. But the effective defence council, in other words the Minister of National Defence, the Associate Minister of National Defence, the chairman of the chiefs of staff, the chiefs of staff of the navy, army and air force, the deputy minister and the chairman of the National Research Board, during all the time I was minister of national defence met regularly every Monday morning in my office. We went over all the matters which were of concern to the Department of National Defence as a whole and obtained the views of the heads of the three services, the deputy minister, and so forth, in regard to these matters. We very frequently held other meetings during the week. This was a fully effective means of co-ordinating the activities of the Department of National Defence. The attempt made here to convey the impression that there was no co-ordination of the Department of National Defence and that the defence council in effect never met, is completely wrong.

There has been no advantage whatsoever, from that point of view, as far as the members of the present defence council are concerned. In fact, it is not nearly as effective a body because it has now really only one military adviser, whereas formerly it had four, the chairman of the chiefs of staff and the chiefs of staff of the navy, army and air force. As was put very forcibly to the defence committee by Brigadier Malone, and has been dealt with by a considerable number of other people of experience, a defence council which has the advantage of the detailed and expert knowledge of the heads of the three different services which operate in three different environments serves to give the Minister of National Defence a very much better and more adequate picture of what the situation is, and puts him in a much better position to come to a proper conclusion than the present set-up, where you really have only one source of military information, as far as the minister is concerned, on the defence council. So much for that point, Mr. Speaker.

On the same page of *Hansard* there is a statement about the 4th Canadian infantry brigade group which reads:

> For its currently assigned role in the central European front the brigade group has today far greater fire power, mobility and protection than at any time since its formation. Man for man it is unsurpassed by any other unit in NATO.

That has been the case from the inception of the brigade group in Europe. I think it has been admitted by all the successive supreme commanders of NATO that this brigade group, for its size, was perhaps the most effective army unit they had. The minister tries to assign to himself and to his integration policy, presumably, and so forth, the fact that this is an exceptionally fine fighting unit.

Mr. Hellyer: There is no armoured protection at all for the infantry, and you know it.

Mr. Harkness: The minister talks about armoured protection. He knows full well that all the plans for the provision of armoured personnel carriers, for improved anti-tank weapons, for improved fire power in the brigade generally were made long before he became Minister of National Defence. This is part of the deception he tries to practise on the Canadian people. He tries to take all the credit for the fact that this group is now better equipped than it was five, 10 or 15 years ago, and if it was not better equipped the then minister of national defence should be very, very seriously condemned. Naturally it is better equipped and has more fire power today, because there has been constant technological improvement. But all the plans and original arrangements in that respect were made long before the minister became Minister of National Defence. I notice that at one time he made the statement that this brigade group now has more fire power than had the whole Canadian army during the last war. That is true. But he did not mention the fact that practically all that fire power was due to the Honest John battery which was bought and delivered to the division while I was minister of national defence, and not afterwards. I say, Mr. Speaker, this is part of the picture which the minister attempts to present and which—

Mr. Churchill: The Hellyer myth.

Mr. Harkness: —is really disgusting. I would think the minister would attempt, as I did and as I think all previous ministers of national defence did, to present a reasonable and fair picture as far as our defence forces and our defence effort were concerned. But unfortunately that time seems to have passed.

The next matter upon which I should like to comment is materiel command. This passage is to be found on page 10826 of *Hansard* for December 7, 1966:

> Because of the complexity and magnitude of the project, however, it will take from three to five years to implement fully the single automated system. In the meantime, the three existing systems are being operated by materiel command and the logistic support to the forces has not in any way been diminished.

The hon. member for Edmonton West (Mr. Lambert) referred to this matter this afternoon. What does this mean? It means that the supply of goods of all kinds to the services is being carried on by the navy, army and air force supply systems which existed and have existed for many years. As General Fleury stated before the committee, it will take at least three to five years to weld this into one system. So the minister is doing something completely illogical; he is going to form immediately one unified service, and that unified service will have to be supplied by the supply components of three separate services. You will have as a result the most horrible type of confusion; there is no question about that at all.

An hon. Member: We have it now.

Mr. Harkness: We have it now, as an hon. member has said. I think there is no doubt that we have it now, but it will be worse when you have the three services completely

disappearing and one service taking their place. This is another very good reason, if you examine what the minister stated in his own words, why unification should not take place at the present time, even if you admit that unification as a final goal is desirable, which I do not and which not many other people who have studied the matter admit, except for supporters of the present government; and a large number of them do not admit it either. Even if you admit that it is desirable in three to five years, it is certainly not desirable at the present time when you do not have the supply service equipped or able to do anything to supply the three separate services.

My next point, Mr. Speaker, is concerned with page 10827 of *Hansard* and what was said in regard to the aim of the reorganization. The minister stated:

> The aim of the reorganization of the Canadian forces was clearly stated in the white paper—

Then he goes on to state that aim. If we turn to the white paper we find that the only reference in its entire 30 pages is the one statement to be found on page 19:

> Following the most careful and thoughtful consideration, the government has decided that there is only one adequate solution. It is the integration of the armed forces of Canada under a single chief of defence staff. This will be the first step toward a single unified defence force for Canada.

That is the only statement there is in regard to a single unified defence force. The minister has tried to maintain in the last year, and in recent months in particular, that this policy was completely clear. But in the same paragraph, just below those few lines you have this statement, which is a complete contradiction:

• (9:10 p.m.)

> Similarly, there will be no lack of competition. The sailors will press for more ships, the soldiers for more tanks and the airmen for more planes. This is as natural as breathing. Competition will not be lost but it will be contained at the service level.

This was a definite indication to me, and I think to nearly all the senior officers in the services, that the use of the words "service level" meant that the services will be retained. When I read this statement in the white paper and heard the statement which I quoted previously, namely the single line about a unified defence staff for Canada, I did not think for a moment that these two statements meant that the three services would disappear. It did not cross my mind that this was the minister's intention.

The Deputy Speaker: I regret to have to inform the hon. member that the time allotted to him is expired.

An hon. Member: Let him speak.

Mr. Harkness: Mr. Speaker, I have a considerable amount of material and I wonder if I have the unanimous consent of the house to continue.

The Deputy Speaker: Is there unanimous consent to allow the hon. member to continue?

Some hon. Members: Agreed.

Mr. Harkness: Mr. Speaker, I will just finish the particular point which I was making and I will then resume my seat. As I said, a few lines further on there is a complete contradiction of what appears above, if those lines meant what I did not think they were intended to mean at the time. As a result of what was said here, there was complete confusion in everyone's mind with regard to the minister's intention, and I do not know whether or not he did have that intention. If the minister intended a unification of the forces, why did he state in the white paper that competition will not be lost but will be contained at the service level? If there are no services there can be no service level at which to contain them. He also said that there will be sailors, soldiers and airmen.

Therefore it has been absolutely clear ever since the white paper came out that the minister's contention that there will be a single unified force will not stand up to examination. In fact the reverse is true, as can be proved by some of the statements in the minister's own speech. However, this is a different point into which I will not go at this time because I think I will have other opportunities to deal with it further.

The other point which I should like to make at this time, and to which I briefly referred earlier, is that I think that these contradictions were part of a continued attempt to confuse people as to what is meant by integration and unification. I am sorry to say that to a large extent it has succeeded in that purpose. The result of the contradictory statements made by the minister and his spokesmen from time to time is that there are very few people in Canada at the present time who understand the difference between integration and unification. The minister has never given us a specific definition of the terms, and he continually makes statements which confuse the issue even more. One thing

which I think the minister should do before the conclusion of this debate is to give us a definition of these terms and an explanation of his concept of them. This would clear up the confusion which has existed for the past three years and which has served to make any reasonable debate on these questions much more difficult than it should be.

Mr. J. M. Forrestall (Halifax): In following the debate on second reading of the defence bill I have listened with some interest to the remarks that have been made up to date. As the minister probably knows, when we debate defence I usually go to sea. Those are his words; but may I say that in many respects it is better to be at sea than to be adrift, as he is. I will be quite parochial and provincial, in that my remarks will be confined primarily to an area in which I have some knowledge and understanding, being neither professional nor expert in this field. Nevertheless I will base my remarks on communications which I have received and on discussions which I have had with many hundreds of serving officers and men in the Royal Canadian Navy.

Before I do that I want to put on the record again what it is that we are speaking about in Halifax when we refer to the defence structure, and what is the real impact of defence spending in the Atlantic provinces in what was revealed in the original research conducted by the Atlantic Provinces Economic Council last fall, and produced last October.

In the 1963-64 fiscal year the military pay and allowances in Nova Scotia amounted to some $70,595,000; the civilian pay was some $25.7 million; another $3 million went into travel; another $45.7 million went into supplies, and there was a miscellaneous item of $2.8 million, making a total of $147.8 million. It can be readily understood why we in Nova Scotia become concerned about the loss of the navy when we realize that it constitutes the largest part of these expenditures. Nova Scotia cannot withstand the economic impact of the loss of even 10 per cent of its current defence structure.

According to this bill the minister has active plans for the consolidation of bases. These plans are not yet out in the open. We have had some indication of what is about to happen at *Cornwallis*. Rumours have been rampant about what is to happen at *Shearwarter* and at Greenwood, and very serious doubts have been entertained about what might happen to the main base at *Stadacona* and to the supporting services at Dockyard. We wonder why the minister is so concerned about the separate identity of the forces to which he has referred.

[Mr. Harkness.]

Our fears and our concern are based primarily on four criteria, which have been essentially used in defence planning in the United States. One is the rejection of the principle that the execution of defence planning requires today a growing awareness of the role of the professional, much more so than it did even during the days of the second world war. I believe that competition is an essential factor in our way of life today and to remove it from the services will result in decreased initiative which is essential to the solution of most problems. We believe that a defence force should have an efficient management. The best example of this can be seen in General Motors. They have set up competition within this massive industry not only for competition's sake but also for the sake of management efficiency. They have learned, as have most industries, the benefits that can be enjoyed from this type of approach to a massive organization.

• (9:20 p.m.)

Finally, there is the intangible aspect of the spirit, the esprit de corps. The absolute necessity of this in any efficient military organization that is going to be called upon to prosecute your country's natonal aims and objectives in terms of national defence is self-evident. What about these four points? The hon. member for Leeds (Mr. Matheson) has quoted what many prominent military people in the United States, indeed all over the world, have said on the subject of integration and unification. There is no need for me to spell out to the house the system that has remained in effect in the United States. Indeed, this system has been in effect for some 17 years and it has been building toward the high degree of efficiency that has been achieved. We all know about that.

We all know the United States system has a defence secretary, joint chiefs of staff and a secretariat for each of the land, sea and air environments. Earlier this year, the deputy secretary of defence, Mr. Vance, gave his views on the subject of integration and what he termed the creaking fuzziness or misunderstanding on the part of many people in the United States about what was happening to the defence structure. He said this:

> I believe very deeply in the importance of and the need for military departments. We cannot run the defence department properly without them . . . It is essential, however, to have unity of effort;—

This, I do not deny.

—but we can have this unification in military departments.

The United States has unification, integration and all the things the Minister of National Defence is trying to tell us are absolutely necessary. Indeed, perhaps in many ways they are. However, the United States has not lost sight of the essential necessity of retaining the separate identities for at least the reasons I have just mentioned. I will not go into those in detail.

Let us look for a moment or two at the white paper which is supposed to contain the criteria for what we are doing. In part, the white paper says this, at the very outset:

Following the most careful and thoughtful consideration, the government has decided that there is only one adequate solution. It is the integration of the armed forces under a single chief of defence staff and a single defence staff. This will be the first step toward a single, unified defence force for Canada.

The minister says it is going to take a long time before we get there. I hope he is absolutely right. I hope it is many, many years.

The principle and concept embodied in this statement gives very wide scope for members to participate in this debate, Mr. Speaker. In my opinion, there are at least three aspects that must be carefully studied. The first is the effect of having a single chief of defence staff; second, the effect on professionalism of having a single defence staff composed as it is at present; third, the very apparent absence of rational thought at this particular stage on unification. It seems that a step is taken, and if the ice does not break, then you put your next foot forward.

Let us look at the single chief of staff first. Under such a system there will invariably be a minister who is untrained or, if he has military experience, by the time he rises to the position of responsibility of minister he will be somewhat behind the times in overall military matters. However, he will be responsible for the management of the armed services. He will face a chief of defence staff who, under this concept, will likely be fully and completely trained in one of the services.

As I understand it, in no small way the chief of defence staff performs much the same task as the minister. Under the present set-up, he will be an extension of the minister at the military level. As long as both the chief of defence staff and the minister see eye to eye, there will not be any serious problem. However, let there be a major difference of opinion, particularly professional opinion, and the resulting clash must inevitably lead to the destruction of one of them. I am sure the minister is aware of the report of the Esher committee of 1904, which is going back some 63 years. This committee advised against the commander in chief concept in other than a purely operational theatre.

There is another problem, Mr. Speaker, and that is having at the top only those who will agree with the minister. I think this situation is quite obvious and there is no need for me to illustrate the problems that could develop. The Esher committee itself, in that very excellent report, dealt with all the ramifications that develop when this type of clash takes place. This is a weakness which has occurred in our defence structure before, but never with the alarming rate of incidence that it has in the last 18 months.

We know, and it remains a fact no matter what the reason is, that all of those of senior military rank who have opposed the minister on obviously rational and respected grounds have left the armed services. These were professional men who felt that a matter of principle was at stake. Brigadier Malone had this to say on this aspect:

The single chief with the one minister will never be satisfactory. The dominant personality will always destroy the other. We can hardly expect any man to become chief of defence staff who is not a man of very aggressive, strongly opinionated nature. Equally, we cannot expect any government to select a minister who will control about a quarter of the budget who isn't a strong man.

Now, Mr. Speaker, in spite of the difficulties which can arise from the old committee or defence council concept, there can be no doubt it is essential that a committee or council be appointed to deal with all aspects of management and policy aspects. Indeed, the minister recognizes this need in his move to bring about stability to his present top echelon. I suggest the committee will function correctly only if the officers representing the three professional environments, land, sea and air, work with equal status to the chief in advising the minister or the associate minister of the problems presently confronting them.

• (9.30 p.m.)

There is one important aspect to having the three environments properly represented at the top. The point may be minor, but personnel serving in any branch of the armed services are much more competent, and more prepared to accept decisions handed down if they know they are represented at the decision-making level by one of their own kind.

It is often argued that equality of representation as a weakness of the former organization. This I suggest is a wrong assessment. It is necessary to have equality of representation if for no other reason than to assure that there is balanced argument in all matters of capital expenditure.

The effect of professionalism on a defence staff composed in the present form is quite obvious. If one looks at the first and second staffs under integration, he sees that they have been composed somewhat along these lines: the first one, the C.D.S., had an R.C.A.F. background. There was an army vice chief, the personnel had two vice chiefs, or two members on it, one from the navy and one from the air force; the controller's staff was navy and army oriented and engineering was air force and navy oriented. This is absurd. They made changes in the second staff, and the C.D.S. presently has an army background, the vice chief has an air force background, the personnel come from the air force and the army, the controller, back to the single service, this time is from the navy, and the engineering is represented by army and navy backgrounds. The balance there is poor. It was poor at the outset and remains poor.

For example, in operational matters there is no naval or air force representation in either composition. I do not know how you can come to this state of affairs unless the inference of the present chief of defence staff is correct, that it is no longer the intention of the present administration to continue in any of this long-range planning the concept of a naval defence force.

Mr. Hellyer: Nonsense.

Mr. Forrestall: The circumstances can occur when important matters of policy come under consideration without experienced, professional opinion essential to the matters under discussion being necessarily represented. It is necessary to have two deputies for operation, personnel, and engineering to ensure that professional advice is always present at defence staff deliberations.

It is necessary, Mr. Speaker, for other reasons. In each major department the staff officers working in specific professional fields should have a head, or voice, who fully understands the professional task being performed. In this way staff will be properly represented, and with some faith will accept, even though there might be a conflict of opinion, the decisions coming down from the top level. If there is any reason for the minister doing what he is doing, it must be that he wanted to engender support for his proposal.

Nobody objects to looking forward, and forward thinking—at least, I know of nobody who does. We shall examine this matter in depth when we come to the committee stage, but I suggest that the composition of high command at the level adjacent to the minister should come somewhere on these lines. We should have a chief of defence staff, and a deputy chief for air, a deputy chief for sea and a deputy chief for land. Specifically, where operational matters are concerned I believe such an arrangement to be necessary. If the chief of personnel happens to be air, you could have a deputy chief for sea and a deputy chief for land. The same holds true for engineering. If he happens to be from the army, then the deputy chief could be from the naval or air element. I am not certain that the controller is absolutely necessary; I do not believe you need three or four deputy controllers. One good accountant is enough for a job like that.

In other words, under this concept—and this is my personal point of view—if you accept the validity of the usefulness of this type of approach to our defence organization, and defence control at the professional level, you cannot help getting back to the essential concepts of three basic services: air, land, and sea.

If there is to be any sensitivity of awareness of constant technical change, and if this is to be transmitted properly to the political arm, which must at all times remain dominant, then, under the present system, you fail the test. Only in a system such as I have suggested, not necessarily exactly as the one I have suggested—but along those lines —you do not lose balance and perspective, and the contribution that the true professional may make.

This argument can be extended to cast a doubt on the full effects of integration. This is not carrying the argument to its extreme limit and saying there is no room for integration of services. There is room for integration of services, and particularly is there room for integration at the operational and field level. Eventually something like that will have to come about. I do not think we doubt that. The minister has said that his white paper is not immutable; it is flexible. He will see, I am sure, as time goes on, if he is not prime minister by then, as has been suggested—

An hon. Member: He might not be.

Mr. Forrestall: It has been suggested that he might be in a few years. As I say, the minister will see the truth of my words. Eventually something like this would have to come. Our allies to the south have been integrating and unifying, with definite objectives, for 17 years. They have long since concluded, and this conclusion has not been shaken in the last 10 or 15 years, that the way we are approaching the problem is not the proper way.

Let us look at unification as it now is. It is claimed in the white paper that integration came, as I said earlier, as the result of the most careful and thoughtful consideration. Generally, a careful and thoughtful consideration of such important matters, or matters of major importance, requires the production of guide lines, of papers arguing the pros and cons of courses of action, with definite conclusions and recommendations. There is no such study, and no information has been made available to members of the house about integration or unification. It can be claimed that the white paper, in saying "careful and thoughtful consideration," has misled the house, or has misled the people.

• (9:40 p.m.)

It has misled us into believing that the minister did, indeed, give this matter extensive and thoughtful consideration. I hope that as part of this debate the minister can find time to explain to us in much greater depth than he did in his 65 pages of repetitive prose, precisely what he has in mind. Perhaps I did not read his speech properly. I give the minister that much credit, anyway. If I misread it, I apologize. But it did not seem to me to deal with this issue in the depth necessary to provide an explanation for this concept of unification. The minister talks about what may happen, physically. He tells us what he thinks is desirable. Frankly, however, that speech contained a lot more platitudes than hard common sense—and this is not my opinion alone.

If no paper can be produced, if the minister has not gone through this type of exercise, I think it is clear to Canadians and clear to members of the house that the hon. gentleman has embarked upon a program which has been evolving step by step. In other words, it has been a pragmatic program; if it works, it is to be accepted, and if it fails it is to be rejected.

In any event there is so little information available to us, now, either from the white paper or from the minister's lengthy statement of December 7, that few people, not more than half a dozen I would think, within the minister's personal staff, can possibly understand what is intended. The parts in this puzzle which were missing and which in my opinion are still missing are, first of all, a definition of unification, second, a valid argument in favour of unification and, third, an explanation of the need to carry unification to the ultimate step without room for variation. The white paper says there will be no thought of eliminating worth-while traditions. The Prime Minister (Mr. Pearson) repeated this promise and we are very pleased to hear it. However, there are probably a great many things involving traditional matters which have already been discarded out of hand because it was found suitable to do so for the sake of public relations.

It would not be difficult to name half a dozen. First, traditional naval dress will disappear. R.C.A.F. uniform is to be changed In the past it has been traditional to name naval shore bases as R.C.N. ships. This practice has been abandoned in favour of the designation Canadian Force Base. The white ensign has been removed from our naval ships, ostensibly on the ground that when the new flag was accepted all the old flags went out of use. I am still not sure of the statutory authority for this decision.

The traditional rank structure will disappear, though it is true the R.C.A.F. may not be so much concerned about this, because I think they would like to have their rank designations brought more closely into line with those of their counterparts in the United States. Nevertheless they will be changed. It has always been traditional for recruits to the three services to be trained by the service directly concerned. This practice, followed for very real reasons, will be discontinued.

Toward the conclusion of the white paper it was clearly stated that the policy outlined therein was not immutable. No good reason has as yet been put forward to show that unification will provide a better defence force. If the policy can be changed as necessary, it is time that this unification plan came under the surgeon's scalpel.

Let us consider for a moment or two the difficulties which make unification uneconomic, if not impossible. Operational service in the three environments is vastly different. At sea, almost everyone involved serves in an operational environment and comes in contact with the enemy. In the land service about

half the whole force comes into contact with the enemy. In the air environment, except for naval air personnel, only a very small percentage will be exposed to enemy action.

Because of this factor the vast majority of naval personnel must be young. The maximum age would not exceed 45 years, except in exceptional cases. About half the army must be young, with the maximum age of those who fight not greater than 45 and, preferably, if practical under 40. The other half of the army—support personnel—could serve effectively until 55, if physically fit. In the R.C.A.F. the upper limit on operational personnel should be about 45 for air crew, and in some cases, fighter pilots for example, the upper limit should be much lower. The rest of air force personnel could well serve to age 55 without affecting operations adversely.

Under unification there will be strong arguments to have a similar upper limit across the board. This means that for more than half the armed forces personnel the upper age will be either too high or too low, depending on the point of compromise. Unification under these circumstances is uneconomic and may lead to operational difficulties.

Rank structure and promotion are also affected by environmental differences. The navy requires a higher percentage of higher ranks for men than the air force or army. The reason for this is that a ship will normally, under emergency conditions, operate in three watches. Each part of the ship, because of compartmentation, requires chief or petty officers in charge. Under unification the obvious course, though not the correct one, will be to have all ranks at all levels pooled between environments. This will inevitably lead to the air force and army having more N.C.O.'s than they need, and the navy fewer than it needs.

Again this affects pay structure, privileges for rank, and so on. The navy needs a pay structure which makes the pay scale heavily weighted for rank, and less for professional qualifications. The R.C.A.F. needs a pay structure which leans heavily toward higher pay for trade and less for rank. The operational units of the army—infantry, armour, etc.—should have pay scales based more on rank than trade, while their support services should be paid more for trade than for rank.

• (9:50 p.m.)

Under unification this flexibility, I suggest, is bound to disappear. While putting everyone on a single pay structure might be from an administrative point of view advantageous and make sense in terms of theoretical economy and efficiency, in practice it will fail. The best condition for the navy is for men of equal rank and trade to be paid the same. This is not necessarily so in many of the other environments.

Time is beginning to run out, and I do not want necessarily to be the last speaker on his feet this evening. May I simply point out to the minister that in its present form this bill will mean hardship to those in the environment with which I am most familiar, the navy, and will be resented. In fact it is resented now. It is not understood. No sincere effort has been made fully to acquaint them with its ramifications. The minister knows how they rebelled during his trip last fall. He is aware of the difficulties being faced.

At some point in the very near future, Mr. Speaker, and hopefully before this debate comes to an end—and he need not occupy 65 pages in doing this—the minister must stand up and point out to these men what the government intends to do. Are we about to give up our national sovereignty? Are we about to disband the navy? Does the minister no longer see any role for it?

Are we about to shut down and let the United States move in. I have heard a lot of rumour, much of it confirmed to me by one source or another, about certain logistic capabilities of the United States defence structure to move into this country and to take over our bases and defence forces. I do not like this. I do not think we have to spend 10 or 12 per cent of our gross national product on our defence structure, but I do not see anything wrong with spending 5 or 6 per cent. We spend somewhere in the order of 5.2 per cent now. I do not think we have to walk away from our country and simply turn it over to somebody else to defend for us.

I hope the minister will at some point find the occasion to reassure everybody in the Atlantic provinces about the government's intentions, basically because of the economic impact of the bill. There will always be a navy, albeit maritime command or whatever it is he chooses to call it. But we hope it will not be something less than its present structure.

In closing, I repeat that we in the Atlantic provinces cannot afford to lose the economic benefit of the military pay and allowances of those in this area who spend their funds on local supplies and provisions.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, before the supper hour

the hon. member for Leeds (Mr. Matheson) was advising the house that we should read the minister's speech given on December 7 on second reading of Bill No. C-243. He said we should examine it because the minister had given to the house in his one and three quarter hour speech more information on this matter than had even been given the house before.

I have examined the minister's speech, Mr. Speaker, and I would agree with one of the press reporters who said it leaves much to be desired. In fact, I would go further than that and would say that the whole speech is a balloon. It has a cover, but nothing of substance in it—all air.

The hon. member who has just taken his seat put his finger on the crux of this debate when he said that there has been no definition given of the term "unification". The minister has filled page after page—some 65 of them, I believe—about this subject, and for the information of the hon. member for Halifax (Mr. Forrestall) I have found the minister's definition of unification. It appears at page 10827 of *Hansard* and is as follows:

> Unification is the end objective of a logical and evolutionary progression.

If you can make anything out of that, Mr. Speaker, then you are a better student than I am.

I searched further to see whether there was any other breakdown of this definition, but in my opinion what the minister means by unification is taking the "Royal" out of the Royal Canadian Air Force and the "Royal" out of the Royal Canadian Navy, and it also means putting our services into one uniform.

The minister in his remarks prior to the introduction of this bill and throughout the debate has perpetrated upon the Canadian people the most gigantic hoax ever. There is absolutely no meaning ascribed to the word "unification" as far as the minister's explanations are concerned.

I should like to refer further to his speech to see whether hon. members can help me to determine what this paragraph which is reported at page 10828 of *Hansard* means. If this is the writing of some of his staff officers who have been trained in the services, then I would say there are other dismissals due. I read this from the minister's text:

> The force structure is comprised of force units which may be used individually or in combination depending on the military tasks to be undertaken. These force units are the infantry companies, the armoured squadrons, the artillery batteries, the engineering squadrons, field ambulances, the air squadrons, warships and the support ships—to mention a few. None of these will be changed in moving to a single service from three separate services. They will continue to be trained and equipped for their particular roles. Moreover, a single service will involve no change in the organization of these force units into formations such as brigades, air wings, or squadrons of ships.

In other words, the minister says these three services are going to be identical but they are also going to be different. What is meant by that? We are still going to retain the three services, the army, the navy and the air force, but they are going to be one service.

Mr. Hellyer: Read it again.

Mr. McIntosh: I have read it time and time again. I would go further and suggest that the minister had no intention at any time of changing these services, except to bring in this mysterious word "unification", which only confuses people and makes those serving in the forces very concerned about their future. He has succeeded in doing this to the detriment of the security of our nation. I think something should be done about this, perhaps not by parliament but by those on the other side in the government.

May I call it ten o'clock, Mr. Speaker.

BUSINESS OF THE HOUSE

Mr. Winch: Mr. Speaker, may I ask the order of business for tomorrow?

Mr. McIlraith: We will continue the same subject matter tomorrow, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

• (10:00 p.m.)

UNEMPLOYMENT INSURANCE—REQUEST FOR INCREASE IN MAXIMUM BENEFITS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Friday, January 20, as recorded at page 12036 of *Hansard*, I asked the Minister of Labour (Mr. Nicholson) whether we could look forward to an increase in the maximum benefit rates under unemployment insurance being proposed this year by the government. In his reply the Minister of Labour indicated, as he has on other occasions, that an interdepartmental committee which had been established some time ago by the Prime Minister had studied unemployment insurance matters and had made a number of recommendations. The minister said

that he could not give details but he hoped that within a reasonable period of time it would be possible to implement some of these recommendations by order in council or by regulations under the act. In a supplementary question I asked the minister whether it was not true that benefits could be raised only by amending the act, and not by regulation, to which the minister replied that that was a question of law which he was not in a position to anwer. Therefore, Mr. Speaker, I posted this question for an adjournment debate.

I should like to say just a few brief words on the two points I raised on January 20. First it seems to me that the case for an increase in the maximum benefit rates under the Unemployment Insurance Act is so clear that it need only be stated. The present maximum rate is $36 a week in the case of an unemployed person with a dependant and $27 a week in the case of a single unemployed person. Those rates were set in 1959, eight years ago. If one applies to those rates any index he likes, whether the cost of living index, the wage index, the gross national product, or what have you, he will come up with a figure for today which ought to be considerably higher. In fact it gets into the $50 bracket for an unemployed person with a dependant.

Not only is it a fact that there have been no changes in the maximum rates during the eight years since 1959, but also five years have gone by since the Gill committee made its report. In 1962 that committee recommended that the rates I already have quoted—$27 and $36—should be increased to $36 and $48. I should like to point out that if you start, as of 1962, with these rates of $36 for an unattached unemployed person and $48 for an unemployed person with a dependant and apply to them the increases in the wage rates or in the cost of living which have taken place since then, you come up with figures which are even higher than those I suggested a moment ago.

In addition to these changes which have taken place in the last eight years, there is the fact that the government at last brought before parliament a labour code which includes a minimum wage rate of $1.25 an hour. That same piece of legislation speaks of a 40-hour week. This would seem to suggest that in the government's mind $50 a week is a minimum upon which working persons should be expected to live. These days the government even speaks about a guaranteed annual income. I am not sure that it understands what that phrase means, but at least members of the government like to talk about it. I suggest this is an area where this idea might be applied. In other words, it seems to me quite clear that we are being unfair to persons who are unemployed, to persons who have contributed to unemployment insurance over the years, by leaving them with maximum rates of $27 or $36 per week, in view of the fact that these rates were set eight years ago.

The other point referred to during our question and answer exchange on Friday, January 20, was as to whether this change could be made by regulation. The minister said this was a question of law and that he was not in a position to answer it. While I recognize that he is a lawyer and that I am not, it seems to me it does not take much legal training to read the Unemployment Insurance Act and find that the maximum rates are set by the act, and that there is no provision in the act for those maximum rates to be increased by regulation or by order in council. Surely it is crystal clear that the only way maximum rates can be changed is by an amendment brought before parliament itself.

I should like to protest most strongly over the way in which the years are being allowed to slip by without any amendment being made to the Unemployment Insurance Act. There are other improvements that need to be made as well, but to let these years slip by with nothing being done to increase these maximum benefit rates is quite uncalled for, and it is most unfair to those people who have paid into this fund and have a right to expect the protection the Unemployment Insurance Act was designed to provide.

It is my hope, therefore, that the government will not continue to delay action on this matter on the grounds that it is not clear whether the act needs to be amended. I hope an amendment will be brought in soon, and that it will increase these rates to something of the order of $50 or more per week.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, there is very little that can be added to what the minister said on January 20 in reply to the hon. member for Winnipeg North Centre, except perhaps that a study is being made of the recommendations of the committee which was set up to study this matter.

The minister has been otherwise engaged and regrets that he has been unable to give this matter the thorough study it deserves. It is encouraging to note that unemployment insurance and unemployment itself is not the burning question it was at the time the Gill

committee made its report. I recall as a member of the opposition, sitting on the other side of the house, on a number of occasions asking when that committee was going to report and when something was to be done about its recommendations.

Since that time we have dealt with a number of social welfare measures which have taken precedence, perhaps because unemployment has not been a burning question.

Mr. Knowles: It is still a burning question to the unemployed.

Mr. Byrne: The fund has now reached something in the neighbourhood of a quarter of a billion dollars.

The Gill committee did recommend that the maximum rate be increased to $48 per week and that new categories be brought into the operation of the fund, so that the maximum would be available to those who had received higher incomes. None of these things has been done and the government regrets that they have not been done, but I can assure the hon. member that steps are being taken at this time to see what can be accomplished in this regard.

• (10:10 p.m.)

[*Translation*]

BANKRUPTCY—PRUDENTIAL FINANCE CORPORATION—EFFECT ON SUBSIDIARY INSURANCE COMPANIES

Mr. Alcide Simard (Lac-Saint-Jean): With your permission, Mr. Speaker, and for the benefit of hon. members, I shall re-read the question I put to the Minister of Finance and Receiver General (Mr. Sharp) on January 17.

In view of the financial disaster of the Prudential Finance Corporation and its subsidiaries, are Canadian citizens who have insured their properties through that institution entitled to full compensation in case of fire?

The reasons which prompted that question I have just read are the following: In the last few days, certain citizens have been writing me letters actuated and dictated by the concern they feel about certain companies which agreed to carry risks with their material goods, clothing, properties, etc. Who will dare say that such fears are groundless? To prove my case, there is the recent financial disaster of the Prudential Finance Corporation and its subsidiaries.

A Montreal citizen called me last Sunday night to inform me that he had lost all his furniture, clothing and personal belongings when the building where he lived with his family had been destroyed by a fire. To make matters worse, everything was insured with a subsidiary of the above mentioned institution which is in deep financial difficulties and going bankrupt. The man who evaluated the damage from the fire recommended that the insurance company should pay the insured an indemnity of over $2,000; he will be lucky to get a cheque for half the amount of the indemnity suggested by the adjuster.

Another financial institution which will be unable to meet its obligations towards the Canadian public. Every day, newspaper articles denounce the mishandling of industrial funds. Certain well-paid and abjectly fawned upon bureaucrats shamelessly fatten on the sweat and savings of the low-salaried and dispossessed unfortunates. Why must such felonies always be perpetrated upon the taxpayers, upon those whose honesty is frustrated by the greed of shameless and bare-faced profiteers?

The Mercier report, in 1965, unveiled part of the scandals between 1960 to 1964 alone which cost the state of Quebec the sum of $52 million in lost income tax. The same report indicates serious shortcomings in the operation and application of bankruptcy legislation in Montreal courts.

Commissioner McClellan of the R.C.M.P. in Ottawa did not mince his words when he said:

The underworld is taking over every area of the Canadian economy and unless strong and immediate measures are taken by all concerned, tomorrow will be too late to root out organized crime.

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I am not quite sure how to reply to the remarks of the hon. member for Lac-Saint-Jean (Mr. Simard). He began by making some reference to the failure of the Prudential Finance Corporation, which is an Ontario company over which the federal government has no supervision. He also referred to some of the subsidiaries of Prudential Finance Corporation. I would imagine that he had in mind particularly the North American General Insurance Company, which was a subsidiary of Prudential Finance Corporation and sold, among other things, fire insurance. I have answered quite a number of questions in the house about these developments and events and I made several statements, one at some length, dealing with the federal government's responsibility in these matters. I do not think I can add very much to what I have

said on those occasions. Like the hon. gentleman, I am concerned about the failure of some of these financial institutions because I believe that even if these failures are not in a sphere over which the federal parliament has control, nevertheless it reflects upon the reputations of all Canadian financial institutions. I have urged the provinces to do what they can to improve their laws and I have promised that as far as the federal government is concerned in its laws relating to federal institutions, we intend to do likewise.

In conclusion I would like to say again that the North American General Insurance Company, which capsized when the Prudential Finance Corporation went into bankruptcy, was the first failure of a federal insurance company in 40 years. I do hope we will have no more, but I think that the record of our federally incorporated and federally supervised insurance companies has been most remarkable.

CANADIAN NATIONAL RAILWAYS—INQUIRY AS TO REMUNERATION FOR FIRE DAMAGE

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I beg leave to rise this evening to intercede on behalf of some 18 farmers and others in my riding in the township of Richmond and in the township of Tyendinaga. Last Thursday I put a question to the Minister of Transport and it appears at page 12264 of *Hansard*. I asked him a question pertaining to a fire which took place along the right of way of the C.N.R. in Richmond and Tyendinaga townships last July 20. This fire was set by the rolling stock of the railway, and the farmers along the line sustained considerable damage to crops, fields and fences for which they have not been reimbursed by the C.N.R. I asked the minister when these farmers might expect to receive satisfaction in this matter.

• (10:20 p.m.)

This unfortunate fire happened more than six months ago. The C.N.R. has sent in inspectors and investigators. They promised the farmers satisfaction in this matter, but nothing has been done toward reimbursing them for the damage done to their fences, pasture lands and crops. The fire was set from a train. One of the C.N.R. claims agents saw it, for it so happens that he was in the area in process of settling a previous claim for damages caused by an earlier fire in April or May.

Officials of the C.N.R. have suggested that the fire may have been caused by a passenger on the train throwing out burning material, such as cigarette butts or matches. This does not make the railway any less liable. The railway is liable for the actions of its passengers. It is also liable for damages caused by mechanical equipment. This fire was set by a hot-box, which is mechanical equipment. The fire took place during a very dry time last summer, in drought conditions.

It was the east bound flyer which set the fire. The train crossed the boundary road between Hastings and Lennox and Addington counties at about 11.45 A.M. standard time. In a few minutes the whole south side of the railway was on fire. The Napanee fire department records show that they were called at 12.06 p.m. standard time. The first sign of fire and the emergency and alarm calls sent in are all in timing with the passage of the aforementioned train across the area. Damage was heavy and serious. The following is a list of the names of owners who have sustained damages:

John Sexsmith, R.R. 2, Shannonville; V. Ryan, R.R. 2, Shannonville, $90; Holy Name of Mary Church, Marysville, $200; Mrs. Bernard O'Sullivan, R.R. 1, Deseronto, $45; Eldridge Rosenblath, R.R. 5, Napanee, $150; Mr. Ross Oliver, R.R. 6, Napanee, $208; Walter Hudson, R.R. 6, Napanee, $500; Mrs. Ola Dillenbeck, R.R. 6, Napanee, $300; Mr. Ralph Hawley, R.R. 6, Napanee, $100; Mr. Fred Mowbray, R.R. 1, Deseronto, $125; Mr. Claude Nugent, R.R. 1, Deseronto, $100; Mr. Cecil Root, R.R. 5, Napanee, $200; Mr. Reginald Badgley, R.R. 1, Deseronto, $640; Mr. E.L. Hinchey, Shannonville, $200; Mr. Harold Moon, R.R. 1, Deseronto, $190; William Stewart, R.R. 1, Deseronto, $125; Eric Root R.R. 5, Napanee, $50.

The total of these figures amounts to $3,223 and we hold the railway liable for these damages for more than one reason. The railway did not burn the grass along the right of way in the spring of 1966 as they should, and usually do. The result was a heavy growth of hay on the railway property which, under the drought conditions, conducted the fire set by the train to the farmers' fences, fields and crops.

Another obvious factor which indicates the fire was set by the train is that the fire was only present and damages sustained on one side of the right of way, namely the south side, without exception and right across the parched, dry countryside. The fire resulted in chaos and disorder in this rural area because of the destruction of fences. As a result, farmers could not pasture their fields and those

that were burned produced no grass for the rest of the season. One farmer, Ralph Hawley, had 40 head of cattle other than his own pasturing on his land at one time. Some of these fences have not yet been totally rebuilt.

Much of the seeded land was seeded to Birds Foot Trefoil, which was burned over. I remind the house that it costs at least $8 per acre just for the seed. One man lost 800 bales of hay. I have checked today with many of the people and no settlement has been received by any of them for the damages incurred in this fire.

Here is an example of the lack of action and procrastination of the Canadian National bureaucracy. The Canadian National is most inconsistent in this matter. The bills rendered by the various fire departments for fighting this fire, and the attitude of the Canadian National toward paying them are as follows: The Deseronto fire department rendered a bill for $50 to Tyendinaga township, and the township billed the Canadian National, the latter refused to pay, saying they were taxpayers and entitled to fire protection. The same thing happened with regard to a bill from the city of Belleville fire department which amounted to about $350. Tyendinaga township paid this bill but could not collect the money from the railway.

On the other hand, the Napanee fire department was called to the same fire in the Richmond township area. They rendered a bill for $170 to the Richmond township council. Richmond, in turn, billed the Canadian National and received payment in full in the month of September, less than two months after the incident. How ridiculous and inconsistent can this railway bureaucracy be? They assume responsibility in one instance and ignore their obligations in another, and especially for the damage done to the farmers and agricultural industry in the area.

I protest most strongly, Mr. Speaker, the failure of the railway company to right this wrong and their failure to satisfy the reasonable and deserving requests of the farmers in the area who have suffered certain damage. I remind the house that we are all glad to learn the Canadian National had a good year last year. However, I submit that they should not enjoy this financial improvement at the expense of the farmers along the right of way in Richmond and Tyendinaga townships. I ask that these just claims now be paid.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, obviously the conflagration was not sufficient to set a fire under the claims department of the Canadian National Railways.

The minister sincerely regrets the inconvenience and difficulties that have been caused to farmers and others in those communities as outlined by the hon. member. Certainly he will urge, in so far as his responsibility will permit, that the Canadian National do everything in its power, and undertake everything for which it is legally responsible.

It appears a coincidence that we have been informed that only today officials of the Canadian National claims department have journeyed to the community to finalize these agreements. I want to assure the hon. member that his representations have not gone unnoticed. I hope everything will be satisfactorily arranged during the visit of the officials to that area.

Motion agreed to and the house adjourned at 10.28 p.m.

HOUSE OF COMMONS

Tuesday, January 31, 1967

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Second report of special joint committee on immigration— Mr. Klein.

[*Translation*]

Second report of special joint committee on penitentiaries—Mr. Watson.

[*English*]

GRAIN

ANNOUNCEMENT OF FINAL PAYMENTS ON WHEAT, OATS AND BARLEY

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the mailing of the wheat payment cheques will be completed tomorrow. The distribution of the cheques for the final payments for oats and barley will commence on February 2 and will be completed within the next two weeks.

In 1965-66 producers delivered 49,626,630 bushels of oats and 88,920,104 bushels of barley. The amounts of the final payments to be distributed are $12,313,571 for oats, and a record $29,230,543 for barley. As I informed the house on January 13, the amount of the final payment on wheat was $270,028,575. Thus the total of the final payment on wheat, oats and barley is $311,572,689, which is the largest final payment on grains in the history of the Canadian Wheat Board.

Some hon. Members: Hear, hear.

Mr. Winters: These sums are not a final payment by the government of Canada but represent the net returns of the Canadian Wheat Board in the marketing of western Canadian wheat, oats and barley for the 1965-66 crop year. The average final payment for oats is a record 24.8 cents a bushel, and the average final barley payment of 32.8 cents a bushel has been exceeded only once.

I beg leave, Mr. Speaker, to table the statement being issued today in Winnipeg by the Canadian Wheat Board regarding the final payments on oats and barley.

Mr. Speaker: Has the minister leave to table the document to which he has referred?

Some hon. Members: Agreed.

Mr. E. Nasserden (Rosthern): Mr. Speaker, the farmers in western Canada will, of course, be pleased with this announcement of the final payments on the oats and barley pools. As the minister has indicated, this is a payment of money due to them on the sale of their grain. I was interested in the minister's statement that these, with minor exceptions, are the highest payments on record. Western farmers are presently facing the highest costs in their entire history, and this is one of the facts that must be borne in mind when examining these figures.

If my memory serves me correctly there is no appreciable increase in the volume of barley as compared with previous years, and the improvement in the payment on oats is a reflection of the policy begun eight, nine or almost ten years ago, when the oats pool was in a deficit position. Over the years it has gradually been brought to its present situation.

• (2:40 p.m.)

Of course this also brings to mind the other problems which face those who are engaged in agriculture generally and particularly those in the dairy industry. They have a peculiar problem. All in all I would say that the people in western Canada will be pleased with the final payment, but still it does not reflect the improvement which we should like to see in the position of those who are producing grain in western Canada, when one considers the high cost of production which prevails at the present time.

Mr. Ed. Schreyer (Springfield): Mr. Speaker, the minister's announcement to the house and the country will be welcome news to the grain producers of western Canada particularly those who have middle sized and smaller farming operations, because to these people the production of oats and barley is relatively a more important factor in their operations. I should like to say also that the fact that the final payments on oats and barley are at either record or near record rates on a per bushel basis seems to be a pretty definite indication that perhaps it is time to think in terms of increasing the amount of the initial payment.

One could make the very logical argument, since the farmers must wait a certain number

of months to receive the money that is coming to them in any case, that it really is not fair, that they be required to carry the interest charges on the money they must borrow in order to carry on their operations with their fixed costs and so on.

In view of the fact that the final payments are at a record level on a per unit basis I would urge the minister to give serious thought to increasing the initial payment to a significant extent.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I join with other hon. members who have spoken in welcoming this announcement. At the moment, according to Canadian Wheat Board selling prices even since the end of the selling year 1965-66, there are indications which would lead us to believe that the final payments for 1966-67 will be even higher than the payments indicated in this report. The minister has pointed out this is the largest payment ever made. I think it is the largest final payment ever made on wheat. It is almost certain that a year from now we will have another report which will indicate that the total price for this year's crop will be higher than in respect of last year's crop.

This indeed is welcome news, although we do recognize the point brought up by the hon. member for Rosthern that the costs involved in producing this grain have increased at least as rapidly as the price itself. One other point I am very gratified to see in this statement is that the minister included the fact that this is not a final payment by the government of Canada. This $311 million does not constitute a charge on the public treasury. No part of it constitutes a charge on the federal treasury. I believe this is one of the first occasions on which this kind of emphasis has been placed on this fact. I should like to commend the minister for doing this, and I recommend that he include it in all statements which are made in respect of these final payments on wheat, oats and barley.

CONSUMER CREDIT AND COST OF LIVING

CONCURRENCE IN THIRD REPORT OF SPECIAL JOINT COMMITTEE

Mr. Ron Basford (Vancouver-Burrard) moved:

That the third report of the special joint committee of the Senate and the House of Commons on consumer credit and cost of living, presented to the house on Tuesday, December 20, 1966, be concurred in.

[Mr. Schreyer.]

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I only wish to comment briefly on this motion. The special joint committee of the Senate and House of Commons on consumer credit and cost of living is submitting to us today a quite detailed report and is asking us to concur therein. But something happened within that committee that should not go unnoticed, and since there is no mention of it in the report, I feel the house should look into the matter.

When the Consumers' Association appeared before the committee, its president, I believe, brought a rather serious accusation against the government with regard to its inaction, stating that if—

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I wonder whether the hon. member for Lapointe realizes that the motion before the house relates to the third report and not to the fourth report of this committee. The details to which he is referring are contained not in the third report but in the fourh report.

[*Translation*]

Mr. Grégoire: Mr. Speaker, this concerns the report presented on December 20, which contains a large number of recommendations.

[*English*]

Mr. Knowles: The hon. member is still speaking about the fourth report, even though the third and fourth reports were both presented on December 20.

• (2:50 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Speaker, I want to take advantage of this opportunity and I think I have the right to do so. Whether the third or fourth report is involved, we are refused, possibly under—

Mr. Boulanger: That is incompetence.

Mr. Speaker: Order. I think the point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles) is well taken. The hon. member may not, during a discussion on the tabling of a report in the house or on a motion for concurrence in a report by the house, give consideration to the proceedings of the report in which concurrence is being sought. The point he wishes to

bring up bears on a report other than the one now before the house and I suggest that he may not continue the remarks he has started to make.

Mr. Grégoire: Mr. Speaker, my remarks deal with the third report as much as, if not more than, they do with the fourth, both of which were presented at the same time. Although concurrence is sought in only one of them today, my remarks deal as much, indeed more, with the third report, because it recommends that the committee be authorized to adjourn from place to place. If it is to be authorized to do so, its hearings should at least be useful. Now, that is precisely the point I want to make. The chairman of the Canadian Consumers Association charged that nothing was being done, that no valid recommendation was being made by the committee or that the government was not considering any action to help housewives, because its election funds are provided by large food processing corporations, and that its decisions are thus influenced by those companies which preclude the government from taking the necessary action to ease up the housewives' budget.

Mr. Speaker, if that accusation is justified, then whatever recommendations the committee makes, the present government will still be bound to the big companies which contribute to its election fund. At a committee hearing, the companies were accused of being mainly responsible for price increases to the consumers, especially on food. If those companies rather than the committee influence the government, what good will it do to hold hearings here and there?

Mr. Speaker, I feel that after such a serious accusation the government should investigate that matter, should reveal what those food companies subscribed to its election fund, so that we can decide whether or not that might constitute an obstacle to logical and normal decisions, in short if that might prevent the government and the committee from making suggestions and offering solutions which will really help Canadian consumers to solve their budget problems.

Mr. Speaker, you will admit with me that the committee received the accusation full in the face, that it did not refute it and that through its silence it admitted the accusation implicitly. I feel some light should be thrown on the subject.

It is all very well to accept election funds from the big companies but if, as a result, the government feels committed, consumers can see why nothing is being done for the consumers and why food companies take such a heavy toll of their budgets.

That is why I say, when the committee is asked to sit in various localities, that we must make sure that it operates efficiently, and draws valid conclusions capable of helping Canadian housewives. I want to see positive results and to achieve this, the government cannot be committed to those companies which contribute to election funds.

Mr. Speaker, I would ask for an inquiry in that respect. I think the committee should set out clearly its position and state that whatever these contributions might be, it will not be influenced by large corporations that take unfair advantage of Canadian consumers as a whole.

[*English*]

Motion agreed to.

CANADIAN CONFEDERATION

REQUEST FOR TABLING OF CORRESPONDENCE RESPECTING CONFERENCE PROPOSED BY ONTARIO

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. In view of the reports appearing in the press in relation to a letter from the Prime Minister to the premier of Ontario dealing with the question of a constitutional conference summoned by Premier Robarts, will the Prime Minister table in parliament the letter along with the reply when it is received?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would have no objection whatever to doing this, to set at rest any rumours as to what I might have said and the tone in which I said it. I have not yet received the reply, but as soon as it is received I will ask Premier Robarts whether he would be agreeable to my tabling both letters.

REQUEST FOR ACCELERATED STUDY BY FEDERAL GOVERNMENT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a supplementary question to the Prime Minister. With reference to the Prime Minister's statement as recorded in *Hansard* at page 12331, on the subject of confederation and the constitution, can the Prime Minister advise how long this study has been carried on, under which minister's authority is it taking place, and when will it be completed?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think it has been going on now—I am subject to correction here—for about a year in various committees under the supervision of the President of the Privy Council. Since he unfortunately took ill I have been supervising the study myself. I think it will take a good many months before we complete this work. I suggested the other day that it would be the autumn.

HOUSE OF COMMONS

RETURN OF PRESIDENT OF PRIVY COUNCIL AFTER ILLNESS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, before I proceed with my question may I be permitted to say how delighted we all are to see the President of the Privy Council back in his place. We hope he is fully restored to health and strength and that he will be sufficiently well to be with us for a long time.

Hon. Michael Starr (Ontario): Mr. Speaker, at this point I wonder whether the hon. member for Burnaby-Coquitlam will allow me on behalf of our party to also welcome back the President of the Privy Council. It is good to see him back, and we hope he enjoys good health.

[*Translation*]

Hon. Guy Favreau (President of the Privy Council): Mr. Speaker, may I be permitted on this occasion to say a few words without taking too much of the time of the house?

[*English*]

Mr. Speaker, I wish to thank the hon. members who have just spoken for having been the interpreters of their own sentiments and those of their colleagues.

[*Translation*]

Mr. Speaker, during the rather frustrating period I have gone through and which kept me away from the house, I must say I was constantly sustained, and I want the house to know this, by the tokens of friendship, the encouragement and the sympathy which I received from all sides of the house.

It may have become a cliché to say that friendships transcending ideologies or political convictions are made in the House of Commons, but I think it should be repeated, at least in my case, because the manifestation of these friendships is one of the main reasons why I am back in the house perhaps several months before I expected it.

I wish to thank the right hon. Prime Minister (Mr. Pearson) for his constant support and encouragement.

May I, at this stage, add a personal word or two? It is that, during my absence, specially in the last few weeks, I have had to make a difficult decision, that is to leave the Quebec leadership. I must say, on the other hand —with the utmost sincerity—how happy and proud I was to observe the unanimous appointment of my successor. It is often a source of anxiety for someone forced to leave a post, to wonder over his successor. In the present case I must say that the personality, the sincerity and the talent of my successor will always give me a feeling of fulfilment. I wish him all success in the heavy task he will have to carry on. I also wish him—and I know he will receive it—the same support, the same backing and the same solidarity which I have received from all my colleagues.

Some hon. Members: Hear, hear.

[*English*]

EXTERNAL AFFAIRS

INQUIRY AS TO POLICE REPORTS ON BOMBING OF YUGOSLAV BUILDINGS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I was about to ask the Prime Minister whether he has received any reports from police authorities regarding the persons or organizations responsible for the recent bombings of the Yugoslav embassies and consulates. I notice that the leader of one organization in the United States has said that they were out to make life miserable for Marshal Tito. What seems to have been overlooked is that it is also endangering the lives and properties of Canadian citizens. I wonder whether the Prime Minister has received any report on who are the persons responsible, and whether anyone has been apprehended as yet.

Right Hon. L. B. Pearson (Prime Minister): No report has yet been received from the police who are carrying on their investigation into this unhappy and senseless incident. The observation as to responsibility to which my hon. friend referred was made, I believe, by a United States citizen in San Francisco. I should add that the Secretary of State for

External Affairs saw the Yugoslav chargé d'affaires again yesterday, and I believe he is seeing him later today.

Mr. Douglas: May I ask the Prime Minister or the Secretary of State for External Affairs whether any decision has been reached with respect to compensation for persons living in adjoining residences whose property was damaged as a result of these violent actions? I ask this because of the suggestion in some areas that people are asking for these consulates to be moved in view of the threat to their property.

Mr. Pearson: As I say, the government naturally accepts its international obligations in matters of this kind. In so far as obligations toward the property of Canadian citizens is concerned, that is a matter that is being examined now and, as I indicated yesterday, it involves certain legal considerations which will be looked into very carefully.

[*Translation*]

NATIONAL SECURITY

PRESENCE IN CANADA OF PERSON EXPELLED AS SECURITY RISK

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I avail myself of this opportunity to welcome back in the house the President of the Queen's Privy Council for Canada and Registrar General of Canada and to wish him a good health for the years to come.

I now wish to refer to the question I put yesterday to the Secretary of State for External Affairs concerning a Mr. Ritzig. Has the minister anything new to tell the house in this connection or does he need more time to look into this problem?

I put my question to the Secretary of State for External Affairs, but I wonder whether he caught it.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, may I ask the hon. member whether he means the question he asked me yesterday?

Mr. Langlois (Mégantic): Yes, Mr. Speaker.

Mr. Martin: Mr. Speaker, I studied the records this morning and took up the matter with my officials. We found no justification for the question put yesterday.

It may be, though, that the hon. member received more information. I can assure him that we looked up the name he mentioned and failed to obtain the required information. I should be pleased to discuss the matter with the hon. member. I believe some of my officials got in touch with him this morning.

Mr. Langlois (Mégantic): A supplementary question, Mr. Speaker. I will be very pleased to take up the matter with the Secretary of State for External Affairs, but in the meantime perhaps his officials could discuss it with the Minister of Justice and the Attorney General, in order to look at that side of the picture.

[*English*]

FINANCE

CANADIAN REACTION TO POSSIBLE INVESTMENT BY FRANCE

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): First, Mr. Speaker, may I on behalf of this group express our pleasure at the return to the house of the President of the Privy Council and wish him good health in the future.

My question is for the Minister of Finance. In view of the announcement that the French government has moved to make Paris a more important international money market, what will be the official Canadian reaction to possible foreign investment in Canada from this new source?

Hon. Mitchell Sharp (Minister of Finance): The Canadian government would welcome investment from France. I hope there will be an increasing interchange both in trade and in investment between our two countries.

Mr. H. W. Herridge (Kootenay West): May I ask a supplementary question. When the Minister of Finance says he would welcome investment from France, does he mean investment in bonds or equity capital?

Mr. Sharp: In either form, Mr. Speaker.

OIL

STEPS TO INCREASE EXPORTS TO UNITED STATES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I wonder if the Minister of Energy, Mines and Resources is now in a position to answer the question I asked yesterday with regard to improved markets for Canadian crude oil.

Inquiries of the Ministry

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): I presume the hon. member is referring to the Levy report. This report was read and analysed by my officials a number of weeks ago. Mr. Levy is one of the world's prominent oil experts who deserves to be read with great attention. Generally speaking I can say that my experts are more optimistic than Mr. Levy. On the subject of exports to the United States, I can only say that they have been growing substantially. They were averaging 317,000 barrels per day in 1965 and 379,000 barrels per day in 1966. This indicates quite a growth. However, the hon. member can be sure that the government, in co-operation with the industry, is at the moment still trying to expand these markets.

Mr. Harkness: I did ask particularly whether the minister and his officials had any consultations with representatives of the oil industry with regard to steps that could be taken, and particularly if anything had been done leading toward the constructoin of a pipe line into the Chicago market?

Mr. Pepin: Extensive consultations have taken place with regard to the matter the hon. member mentioned.

Mr. Eric A. Winkler (Grey-Bruce): Within the last few hours reports have been circulated, consistent with the questions that have been asked, to the effect that the crude oil industry is working at less than one third of capacity. Is there a complete program in the United States for the sale of this product?

Mr. Pepin: A complete program?

Mr. Winkler: By the Canadian government?

Mr. Pepin: The policy was originated six years ago by the previous government, and it has been progressing ever since. The Canadian government, with the full agreement of the Canadian industry, has developed the program consistently in the past years. Last year the Canadian oil industry broke the one million barrels a day production barrier, and the rate of increase of exports has been 18 per cent in 1966 over 1965. I do not believe it is proper to talk about this industry other than with enthusiasm.

Mr. Eldon M. Woolliams (Bow River): My supplementary question will be directed to the Prime Minister. In view of the important answers given by the Minister of Energy, Mines and Resources, and in view of the discussion which I had with the Prime Minister before the house opened, will the Prime Minister be prepared now to have one of the ministers, either the Minister of Trade and Commerce or the Minister of Energy, Mines and Resources, make a statement on this important matter outlining the situation and the policy of the government?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to discuss the matter with the Minister of Trade and Commerce and the Minister of Energy, Mines and Resources, who are the two ministers most concerned, to ascertain if a time can be arranged for such a statement.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question of the Minister of Energy, Mines and Resources. Has his department made any feasibility study of extending the oil line into the Montreal market area, and will such a study be made available? Has the government any policy to announce as a result of such study, if it has been made?

Mr. Pepin: A continuing study is made by the National Energy Board and that subject is also covered, as the hon. member knows, by the Levy report. The industry is also studying this possibility, but at this moment there seems to be a consensus that increased exports to the United States are more desirable than building a pipe line to the Montreal area. Our efforts, therefore, are concentrated now in this field of further exports to the United States.

Hon. E. D. Fulton (Kamloops): I should like to ask the Prime Minister whether, in the light of the great new discoveries of oil in Canada, as well as the proven oil reserves, the government of Canada has initiated discussions with the government of the United States with a view to obtaining an upward revision of the quota of the North American oil market allocated to proven Canadian reserves.

Mr. Pepin: Canada benefits in the United States from what are referred to as the overland exemptions. These exemptions are set from year to year, and this is presently being discussed by Canada and the United States.

Mr. Fulton: Am I to understand from the minister that discussions are under way between the two countries now?

Mr. Pepin: Indeed.

EXTERNAL AFFAIRS

OFFSHORE EXPLORATION RIGHTS IN AREA BETWEEN NEWFOUNDLAND AND FRENCH ISLANDS

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I have a question for the Secretary of State for External Affairs. In view of the recent discussions between Canadian and French officials on the issue of offshore exploration rights, has the minister any report to make on the conflicting national claims to the area between St. Pierre and Miquelon and the Canadian coast of Newfoundland?

Mr. Speaker: Order. I think this question is of a very general nature. I am not sure the subject is of immediate urgency. If it is the hon. member may so indicate; otherwise it seems to me this matter could be dealt with by way of a statement on motions.

Mr. Crouse: Mr. Speaker, in answer to your suggestion may I say that I believe a delegation was sent from Canada to Paris, and that it returned only this week end. Therefore I would welcome any announcement the minister has to make because of the importance of this question not only to Canada nationally but to all our provincial premiers.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there have been discussions between the French and Canadian governments in France within the past few days. Our delegation has returned to Canada and is making a report some time tomorrow, when we will have an opportunity of seeing what progress the negotiations have made. My impression is that the progress has not been what we had hoped it would be; however, the discussions are continuing.

LABOUR CONDITIONS

REQUEST FOR COPIES OF ECONOMIC COUNCIL STUDY ON MANPOWER ADJUSTMENT

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Prime Minister whether he would undertake to request the Economic Council to supply members of this house with copies of its latest study on manpower adjustment to technological and other change, because as far as I know we have not yet received a copy.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be very glad to do that. I think the report just came out yesterday, but I shall be glad to ask the chairman whether that can be done.

Mr. Lewis: A supplementary question. I should also like to ask the right hon. gentleman whether the study suggests any legislative action in reference to the kind of arrangements that should be made between labour and management in the case of technological change; and in that case may I ask whether the government is contemplating such legislative action on the subject.

Mr. Pearson: Mr. Speaker, I have not yet had an opportunity to do more than read the report casually. I am not sure whether there is any recommendation for legislation. My impression is that there is not. In so far as the general nature of the question is concerned, we will be awaiting a report from the task force on labour legislation which I believe will have certain recommendations on this as on other subjects. However, we should like to have that before we decide on what legislation should be introduced.

DOMINION COAL BOARD

REQUEST FOR APPOINTMENTS TO FILL EXISTING VACANCIES

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the fact that regretfully another member of the Dominion Coal Board has now passed away, which leaves two vacancies on the board, and in view of the critical situation of the coal industry and its future, can the minister advise when new appointments will be made to fill these vacancies on the board, especially in regard to a representative from the ranks of labour?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I am grateful for being reminded of this situation and I will do my very best to correct it. If the hon. member would kindly become a candidate I might act even more rapidly.

Mr. Muir (Cape Breton North and Victoria): A supplementary question. May I ask the minister whether he is desirous of removing me from the house? I always thought he rather liked me, like the Minister of Transport.

Inquiries of the Ministry

TRANSPORT

IMPOSITION OF SURCHARGE ON CARGOES BETWEEN EUROPE AND VANCOUVER

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I should like to direct a question to the Minister of Transport. Would the minister refer to the restrictive trade practices commission the action of the European-Pacific coast freight conference in imposing a 10 per cent surcharge on ship cargoes between Vancouver and European ports, so they can investigate this price fixing conspiracy?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am not sure whether this would be a very efficacious way of dealing with the problem, but I do regret very much that this conference has seen fit to penalize the harbour of Vancouver in this way without any prior consultation whatsoever with the National Harbours Board. We have asked for an explanation of this and protested as strongly as we can.

CANADIAN WHEAT BOARD

POSSIBLE EXTENSION OF JURISDICTION TO RYE AND FLAXSEED

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of Trade and Commerce which arises out of the statement he made today regarding the final payments for oats and barley. In light of the progress that has been made in this regard, is the government now considering moving rye and flaxseed within the operations of the Canadian Wheat Board?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, this is a matter that has been under continuing consideration for some time, and the government will continue to consider it.

EXPO '67

STATEMENT ON DISMISSAL OF MEMBER OF YOUTH ADVISORY COUNCIL

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, while I am on my feet may I answer a question asked the other day by the hon. member for Notre-Dame-de-Grâce about the dismissal of Mr. Harvey Oberfeld from his position on the youth advisory council. The hon. member asked whether this was due to criticism of the hiring policies at Expo in connection with the youth pavilion.

On looking into this matter, Mr. Speaker, I have been informed that Mr. Oberfeld was dismissed by the youth advisory committee, which committee is completely independent of the Canadian Corporation for the 1967 World Exhibition. The reasons for the dismissal have not been communicated to Expo but I understand they related to certain comments he made to the press without the authorization of his employers.

COAL

REQUEST FOR STATEMENT ON NEGOTIATIONS WITH JAPAN

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. I apologize for doing so because he has been very much overworked today.

Negotiations are supposed to be taking place between the coal operators in the Crowsnest pass area and Japanese officials with respect to new contracts and larger shipments of coal exports from Canada to Japan. Has the minister anything to report on these new negotiations?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, may I make one point first; the minister of energy can never be overworked. In answer to the question may I say that negotiations are taking place at this time regarding the export of coal to Japan, but the government is not in command; these negotiations are being carried on by industry. I think it is well understood by everyone concerned, particularly by the Japanese, that these exports must be made without federal subsidies.

SHIPPING

BOILER ROOM EXPLOSION ON "NIXON BERRY"; CAPSIZING OF "MANSEAU 101"

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether I could direct a question to the Minister of Transport. Has he appointed or does he intend to appoint a commission of inquiry into an explosion in the boiler room of the ship *Nixon Berry* which resulted in one person dying in hospital subsequent to the explosion?

I wonder whether I could take a leaf out of the cabinet's book and while I am on my feet

direct another question to the minister. Has he yet received the report of the commission inquiring into the capsizing of the *Manseau 101*?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, to answer the last question first, the answer is yes. In answer to the first question, may I say the matter is under consideration.

Mr. Howard: A supplementary question with respect to the report of the commission of inquiry into the capsizing of the *Manseau 101*. May I ask the minister when he will make this report public?

Mr. Pickersgill: Mr. Speaker, I am not sure that I can give a precise answer to that question at the moment, but I am considering the matter.

TRANSPORT

ST. LAWRENCE SEAWAY—OPPORTUNITY TO PROTEST INCREASE IN TOLLS

On the orders of the day:

Mr. Gustave Blouin (Saguenay): Mr. Speaker, I have a question for the Minister of Transport which is further to a question asked in the house last Friday in connection with a telegram addressed to the Prime Minister from the city council of Sept Îles protesting the proposed increase in St. Lawrence seaway tolls. I should like to know whether the minister has any comment to make on this matter today.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I was sent copies of this telegram both by the city and by the Prime Minister. I sent word to the city clerk that I would reply to the matter as soon as I can find a few minutes to do so.

That happened after my bill got to this house. I replied yesterday to the city of Sept Îles telling them that the question of tolls was still under discussion between our government and the government of the United States, but assuring them that we would not agree to any change in tolls which would have the effect of discouraging traffic and, above all, of interfering with the iron ore industry of Quebec and Labrador.

Mr. T. C. Douglas (Burnaby-Coquitlam): What reply did the minister make with respect to the request of the city of Sept Îles that they be allowed to make representations to the government before any final decision is made?

Mr. Pickersgill: I did not think it was necessary to reply to that question because under the law made by parliament the opportunity to make representations was advertised widely throughout this country, and a great many representations were made. I need hardly add that any citizen who wishes to write a letter or send a brief to me can be assured that within the limits of human capacity it will be given full attention.

Mr. Thomas M. Bell (Saint John-Albert): Does that reply not mean that the minister will still not consider the advisability of bringing this matter before the transport committee before a decision is made?

Mr. Pickersgill: There were so many negatives in the hon. member's question that I do not know whether to answer yes or no, but I will be glad to look at it.

Mr. Bell (Saint John-Albert): I will make it positive and simple. Does the minister envisage that this question of tolls will go before the committee for consideration?

Mr. Pickersgill: I would not be surprised if it did go before the committee. However, there has to be something definite to go.

Mr. Starr: So I guess it will never go.

SPORTS

HOCKEY—REQUEST FOR INVESTIGATION INTO CONTROL OF PLAYERS

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): I have a question for the Prime Minister. Would the Prime Minister consider setting up a parliamentary committee to formulate federal legislation to protect our young Canadian hockey players from being signed by the Canadian Amateur Hockey Association and sold like slaves to the professional National Hockey League?

[*Later:*]

Mr. Smallwood: I am serious about the question I asked the Prime Minister a few minutes ago. This is a matter of great concern to the people of Canada, regardless of whether the hon. member for Norfolk (Mr. Roxburgh) wants to laugh.

Right Hon. L. B. Pearson (Prime Minister): A report on this matter is to be made by the fitness council. It has not yet been received by the government but it will be available very shortly, I understand. At that time we

can determine whether it is the kind of report which should go to a parliamentary committee for consideration, to see how these wage slaves—some of whom receive a much larger income than does the hon. member—are treated.

NATIONAL DEFENCE

REQUEST THAT EXTERNAL AFFAIRS MINISTER PARTICIPATE IN UNIFICATION DEBATE

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the minister of external affairs, who appears to be in a better mood this week than last week. Will the minister contribute to the discussion of unification of the armed forces this week by indicating to the house the importance to his department of destroying the identity of the three services, the navy, the army and the air force, as intended by the Minister of National Defence?

Mr. Speaker: Order, please. I would think there is a possibility that the minister might want to contribute to the debate later this afternoon along the lines suggested by the hon. member, but I do not think that question can be asked now.

Hon. Paul Martin (Secretary of State for External Affairs): On a question of privilege, Mr. Speaker, I should like to say that I was in the west last week and noticed in my hon. friend's constituency a great deal of disunification.

Mr. Churchill: I will be out there this week to correct the bad impression left by the minister.

[*Later:*]

Mr. Churchill: My question is for the Minister of National Defence and it concerns the propaganda task force which he has posted just behind the press gallery. Would the minister instruct his propaganda agents to draw to the attention of the press my speech of November 4 in which I accused the minister of knowingly and deliberately misleading the House of Commons?

Hon. Paul Hellyer (Minister of National Defence): I asked these people to attend during the present debate because indications are that the hon. gentleman and some of his colleagues have such a primitive knowledge of the subject under discussion that we are happy and willing to make available to them all

sorts of material which will assist them in the preparation of their speeches.

Some hon. Members: Oh, oh.

Mr. Churchill: Will the minister make available to us in the opposition the slick, 47 page booklet complete with photographs of military hardware which he has distributed to servicemen, veterans groups, writers and other interested persons and organizations? This contains his speech of December 7, which was most uninteresting. With the addition of the photographs and pictures we might be enlightened and amused.

Mr. Hellyer: I would be pleased to do that.

Mr. Donald MacInnis (Cape Breton South): I would ask the minister to review his last answer to the hon. member for Winnipeg South Centre. Does he recognize that his answer contains an admission that this propaganda force is actually in being?

Mr. Speaker: Order. That is hardly a proper question.

CANADIAN BROADCASTING CORPORATION

DECISION NOT TO TELEVISE UNIVERSITY DEBATE ON VIET NAM

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): My question is addressed to the Secretary of State. It arises out of the fact that ten Canadian university teams will debate the Viet Nam war on March 17 at York University, and that two United States networks are apparently planning to televise the event. Since the C.B.C. has said it does not plan to carry this program, would the hon. lady consider using her influence to try to obtain a reversal of that decision?

Hon. Judy V. LaMarsh (Secretary of State): No.

CRIMINAL CODE

POSSIBLE AMENDMENT RESPECTING ELECTRONIC LISTENING DEVICES

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I should like to direct a question to the Minister of Justice. In view of the statement made yesterday in the Ontario legislature by the attorney general of that province that the Ontario Provincial Police use electronic listening devices in criminal cases, and his statement outside the legislature that he had asked

the federal government to amend the Criminal Code to permit this, would the minister tell us whether the government is considering the introduction of such legislation?

Hon. Lucien Cardin (Minister of Justice): The question of wire tapping was discussed quite fully at the meeting of attorneys general held about a year ago, and the matter has been under study by the department for some time.

Mr. Orlikow: Would the minister consider referring the whole question of wire tapping and the use of electronic listening devices to the standing committee on justice and legal affairs?

Mr. Cardin: I do not think it would be wise to refer the matter to that particular committee at this time.

CANADIAN CENTENNIAL

SUGGESTED COMPLIMENTARY TRIPS TO EXPO FOR OLDER CANADIANS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to address a question to the Secretary of State. If she decides to give me a one word answer, as she did to the hon. member for Winnipeg South, I hope it will be "yes" rather than "no".

Mr. McCleave: Is this a proposal?

Some hon. Members: Oh, oh.

Mr. Knowles: I am afraid that would be invading a jurisdiction which has already been established.

An hon. Member: By whom?

Some hon. Members: Oh, oh.

Mr. Knowles: In view of the general desire to honour older Canadians during this centennial year, would the Secretary of State suggest to the centennial commission the possibility of arranging for complimentary trips to Expo for Canadians 80 years of age and over?

Hon. Judy V. LaMarsh (Secretary of State): I have to confess to the house that I have been waiting 40 years for the chance to say "yes" to a question, but this is not it.

Some hon. Members: Oh, oh.

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

Some hon. Members: Oh, oh.

An hon. Member: Where?

CANADA ASSISTANCE PLAN

INQUIRY AS TO IMPLEMENTATION BY PROVINCES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I have a question for the Minister of National Health and Welfare supplementary to the one I asked him yesterday concerning the Canada Assistance Plan. The minister said no agreements had been concluded with the provinces. Can he say whether the necessary agreements will be completed within the very near future so the benefits of the plan can come into operation?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, I hope it will be possible to sign these agreements in the near future.

• (3:30 p.m.)

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed from Monday, January 30, consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I have about four speeches which I wish to make on this bill and until a few moments ago I was undecided as to which I would make at this time. However, I have been prompted to make up my mind by the answer given by the Minister of National Defence (Mr. Hellyer) to the question put to him by the hon. member for Winnipeg South Centre (Mr. Churchill) during the question period. I was not quite clear whether he meant by his answer that he had limited knowledge or that the opposition had limited knowledge. However, I think I can prove which is correct.

Before the house adjourned last night I had referred to the minister's speech of December 7 last and said it left much to be desired. I said it reminded me of a balloon; it had a cover but inside there was nothing of substance, just air. We in the official opposition were particularly anxious to examine that great speech in order to determine what he meant by unification. The word "unification" as used by the minister mystified the members of all the armed forces, the general public and members of this house, and again I say that the definition of this word is the crux of the debate in which we are engaged.

National Defence Act Amendment

Last evening I stated that the minister's use of the word "unification" was the most gigantic hoax ever perpetrated on the Canadian public by a minister of the crown, and I repeat that statement today. The basis of my charge is documented by the minister's own words in his speech in moving second reading of Bill No. C-243. As recorded at page 10828 of *Hansard* for December 7 last, under the heading "Advantages of the Single Service" the minister said:

> The principle of the bill to create a single service is very simple.

Under the heading "Aim of the Reorganization" the minister stated:

> However, the end objective of a single service is firm.

Under the heading "The Single Service Concept" the minister said:

> —the three services would no longer retain their status as individual entities with the Canadian forces.

He also said:

> The concept of three separate service entities was thereby abandoned in favour of one. Comprehension of the concept of a single service will be assisted by an understanding of the structure of the force.

In that speech the minister attempted to tell us what the force structure is. In brief, he told us that it is the army, the navy and the air force as we know them at the present time. In the same paragraph he also said:

> None of these will be changed in moving to a single service from three separate services. They will continue to be trained and equipped for their particular roles. Moreover, a single service will involve no change in the organization of these force units into formations such as brigades, air wings, or squadrons of ships.

Last night the hon. member for Leeds (Mr. Matheson) seemed to be under the impression that the Minister of National Defence has a very sharp mind and is rational enough to become prime minister of Canada some day. Well, Mr. Speaker, we in the official opposition want these questions answered by the minister:

1. How can the services be different and still be identical?

2. How can the three separate service entities be abandoned in favour of one and there still be no change in the three services?

3. What does the minister mean by his statement, "None of these will be changed in moving to a single service from three separate services"?

[Mr. McIntosh.]

These are ambiguous statements. I do not mind revealing to the house that having read the minister's speech that far I was very confused as to his intentions with regard to the present services. I had hoped that I had found a declaration by him that he was going to retain the three services as we know them—the army, the navy and the air force. However, I was not too sure so I read on and discovered another paragraph in his speech under the heading "Careers" as recorded at page 10829 of *Hansard,* in which he said:

> One general principle should be underligned again. The combat units will retain their identity, and their specialized functions and training. It is important to state that it is not and never has been any part of the plan associated with unification to convert our servicemen to "jacks-of-all-trades".

I repeat that quotation:

> It is important to state that it is not and never has been any part of the plan associated with unification to convert our servicemen to "jacks-of-all-trades".
>
> An infantry soldier will not be asked to do the job of a sailor in a fighting ship; a sailor will not be asked to fight in an infantry platoon; and a fighter pilot will not be required to drive a tank.

Under the heading "Continuation of Units and Elements" the minister said:

> At the time the new force comes into being, its units and elements shall be those which then exist in the navy, army and air force.
>
> Units and elements of the force are the command entities—for example, in the navy, ships and squadrons; in the army, battalions of infantry, regiments of artillery, armoured regiment, brigades; in the air force, squadrons, wings and groups. All of these will remain unchanged.

I read that last sentence three times and I reflected on the minister's previous words, "None of these will be changed in moving to a single service," and "no change in the organization of these force units." I began to wonder why we had been so concerned about the minister's coined word, "unification". I began to wonder why a large number of senior officers had resigned or taken early retirement.

The minister had stated that there would be no change in the three separate services. I was beginning to understand him. What he meant was integrate at the top, in administration, in supply, and possibly in training. We would support such a move. I was further elated when I read in the same paragraph of the minister's speech:

> This system will not be changed by reason of unification. Certainly, we will continue to have infantry regiments as well as the Royal Canadian Armoured Corps and the Royal Regiment of Canadian Artillery.

At the time I wondered why the minister had dropped the word "royal" from the names of the navy and the air force. However, that is incidental. I read further in his speech and discovered that he said, as recorded at page 10834 of *Hansard*:

> Although a unified personnel management system will be introduced, the separate units and elements of naval, field and air forces will continue to exist ... personnel in the combat forces will continue to be identified as sailors, soldiers and airmen—

And then, Mr. Speaker, the roof fell in on me because the minister ended his sentence with these words:

> —until the force structure within the unified force is developed.

Just what do you mean by that, Mr. Minister? Do you mean that there is a limitation to everything you have said throughout your speech about there being no change, or do you mean that you as minister have no idea what the word "unification" actually means? These are the questions we want answered. In fact, Mr. Minister, you are saying yes and no at the same time. No doubt at some future date, no matter how the tide turns or the wind blows, you will be able to say that you clearly indicated in your speech introducing Bill No. C-243 that you had said yes there and no here—take your choice.

• (3:40 p.m.)

Mr. Churchill: That is right. It is completely misleading.

Mr. Speaker: The hon. member knows he should address the Chair and that he should not address the minister or another member directly.

Mr. McIntosh: Yes, Mr. Speaker. I direct my remarks through you to the minister. I should like the house to remember the only definition of the word "unification" which appears in the whole of the minister's speech. I repeat, as I said last night, that the definition which appears in his speech is that unification is the end object of a logical and evolutionary progression. I admit that that is a very lofty statement, but it does not convince me that the minister knows what he is doing; in fact, it actually has the opposite effect. I now agree that the senior officers who have been referred to so many times during this debate were right in the action they took even if it accomplished nothing more than to focus public attention on what is happening in the Department of National Defence. I would say that they have served their country well by retiring and refusing to accept such an explanation as the minister is attempting to give the house at the present time.

How many staff officers who are now serving in the forces can say that they understand what the minister has in mind for the future of the services? It is beyond me. Perhaps I should enlarge the term "staff officer" and say that I cannot understand how any officer serving in the armed forces today knows what the minister means unless he is gifted, as the minister seems to be, with inner sight. I defy any one of these officers to give a coherent and rational explanation of unification as outlined by the minister. The onus is now on members of parliament, particularly those on that side of the house, not this, to stop this farce of unification, as the minister has attempted to explain it, before he destroys not only our defence forces but Canadian pride and sovereignty as well.

I feel, Mr. Speaker, that when the minister refers so often to a single service he really means a funeral service for the armed forces of Canada if he is allowed to remain in his present office. I should like to read the last paragraph of the minister's speech under the heading "Bill No. C-243" as found on page 10832 of *Hansard*:

> The three services under the provisions of the bill become one service to be called the Canadian Armed Forces. It is understandable that proud and gallant men may read this with heavy hearts. Those who do, I hope, will on reflection see that the single service is born with the great heritages of the three services that give it its life blood. These are not lost but brought together into one service, the strength of three to meet the challenges of the future and to add to the glories of the past.

Such hypocrisy for one who holds the axe. I could continue to read other ambiguous statements contained in the minister's speech. Under the heading, "The Influence of Rising Costs", he had this to say, dealing with finance:

> The conclusion is somtimes reached because the figures are approximately the same that there have been no reductions in costs in the defence department.

Let me repeat that:

> The conclusion is sometimes reached because the figures are approximately the same that there have been no reductions in costs in the defence department.

Although I am not an auditor, it would seem to me that if the figures are the same the cost is the same and there is no reduction. How ambiguous can the minister be?

There are other problems which appear from the minister's speech. In fact he has

outlined quite well the problems not only here in Canada but in practically every country in the world in respect of national defence. I could go through the minister's speech and point out where he has listed certain problems in respect of manpower, certain problems in respect of command and certain problems in respect of finance. But he offers no solution so far as the Canadian government is concerned. We might take, for example, the United Kingdom solution to these problems. Last night the hon. member for Edmonton West (Mr. Lambert) put on *Hansard* the remarks of Mr. Christopher Mayhew. I should like to direct the attention of members of the house to the first and last paragraphs of those remarks. They appear at page 12411 of *Hansard*. Mr. Mayhew said:

> It seemed clear to me, and Mr. Hellyer readily agreed, that the degree of dislocation which he had cheerfully and deliberately created in Canada would be too much for a country like Britain—

Then in the last paragraph he said:

> A member of the department commented sardonically that he doubted whether Canada could find the money needed to finance Mr. Hellyer's economies.

After saying that there is no reduction in the expenditure for national defence the minister should have come up with some suggestion concerning how it could be reduced. As I said before, I should like to have taken the example of the United Kingdom. However, I will deal with the problems France had. I believe France probably had a great many more problems than Canada in this regard. Canada has no concrete plan to overcome the military problems today.

The French government has decided to keep military expenditures at a fixed percentage of the gross national product in order not to affect the country's living standards or production growth. This is a very sound basis on which to work. The gross national product of France is increasing by about 5 per cent annually, which means a parallel increase in absolute value in the military budget. These additional funds will make it possible to meet the growing cost of modernizing the armed forces of France. The structure of military budgets in all countries has undergone radical changes since world war II. In the case of France the sums allocated for capital expenditures have risen from 16 per cent of the military appropriation in 1945 to 50 per cent in 1966, with an appropriate drop in operating expenditures. In other words, they are balancing their budget and intend to do so.

[Mr. McIntosh.]

Military capital expenditures for defence must inevitably increase due to technological advances. New weapons and equipment become more complex and costly each year for all countries. In spite of the increase in capital expenditures for weapons, France balanced her defence budget by a sizeable reduction in military personnel which resulted in a decrease in operating expenses. The minister should make a note of this. The reduction in personnel is compensated for by the increased fire power of the new weapons that country acquired. In France the operating expenses for defence have remained fairly constant for the past five years, but fire power has increased over this period in spite of a reduction of over 50 per cent in personnel during the period 1961 to 1966.

Why did the minister not propose some sound plan for the Canadian people, like other countries have done, instead of giving us the drivel which he gave us in his speech of December 7, 1966? For a few moments I should like to refer to an article which appeared in the Ottawa *Journal* of November 14, 1966. The title of the article is, "Hellyer sees anti-unity conspiracy". The article states:

> Defence Minister Paul Hellyer charged Saturday that a conspiracy of forces inside and outside parliament is determined to kill unification of the armed forces.
>
> In a speech to the Toronto District Liberal Association, he said the real cause of the filibuster in parliament was from influences outside the House of Commons.

• (3:50 p.m.)

I do not consider that we are carrying on a filibuster. We are carrying out our duty as members of the official opposition to the people we represent and to the people of Canada. We are trying to bring to light the mess the minister is trying to make of Canada's defence, the mess he is trying to make of our sovereignty and the mess he is trying to make of our national pride. Having read the speech delivered by the minister abroad I am afraid that we are now being ridiculed by every country in the world. The article to which I have refered then states:

> He blames a small group of "desk officers" who have combined forces with the Conservatives and who he said are determined to prevent unification regardless of its effects on national defence.

What does he mean by "desk officers"? Is this another rank that he has created within our forces? The article continues:

> He said also that part of the blame lies in Opposition Leader John Diefenbaker's "tenuous hold on his party" and the desperation of his supporters to keep him as Conservative leader after next week's national P.C. convention.

Let me point out to the minister that our leader has not taken part in this debate. If he had I suggest that perhaps he might have conveyed to the Canadian people much better results which will result from the attempt of the minister to impose on the Canadian people something of which he knows nothing.

There is no doubt that many Canadians have been seriously disturbed by the implications of the ministers' unification program. We do not understand the ultimate intent of unification because the minister has never explained the meaning of that term in a manner that relates to the services, except by what he has been reported to have said in various newspapers. I have a long list of reported statements but let me read only a few. At one point he said:

> Unification is a single military force containing lists of sailors, airmen, artillerymen, infantrymen, dentists, etc.

In another paper he is reported to have said:

> In the unified force management will not be imposed from the top, but will work up through the crafts and trades—

This certainly is unorthodox so far as the policy of any other service is concerned.

In another newspaper he is reported as follows:

> Unification is probably the boldest plan of military reorganization ever tried by a modern nation—

In another newspaper he is reported to have stated:

> Regardless of the words the important thing is to understand the concept which is a force of military specialists and their support all working for a common purpose.

What a conglomeration of words. He is also reported to have said:

> We are now becoming leaders in defence organization and thinkers not just followers.

We really must be the laughing-stock of other countries.

Mr. Churchill: Just the minister, not us.

Mr. McIntosh: We are also a part of the parliament of Canada and if this bill passes it will be partly our responsibility. Let me appeal to all hon. members of the opposition to get up and oppose this bill.

The minister is also reported to have said:

> Canada will have indelibly etched he name as the world leader in military organization—

How is that possible with a population of only 20 million?

In another article he is reported to have said:

> The aim of our program first and foremost is to build a more responsive force—a force which is more united strategically. To do this there is a necessity for a cohesive plan at the top.

Perhaps some of his staff officers can explain to me how a force can be united strategically. The only conclusion to be reached as a result of such statements is that the minister has some revolutionary ideas to advance that will change the whole concept of defence. Does he intend to keep these ideas secret as a new weapon for Canada?

We have asked the minister to reveal the facts about unification. As you know, Mr. Speaker, we did not want to agree to this fundamental change in principle without knowing the implications of such a change. We are not attempting to carry on a filibuster; we are truly attempting to obtain answers to our questions and to find out what the minister means by unification. Certainly his speech in respect of Bill No. 243 gave no indication of what he meant. In that speech he said yes at one time to one question and no at another time. As I said before, his speech was very ambiguous.

We are not alone in our search for answers. Members of the press have asked various questions such as: Tell us what unification means, Mr. Hellyer? What is required is an official comprehensive public statement on unification. The services and the people must be told why integration is not enough and why unification is necessary. We must be told what we have to give up and what we stand to gain. The services and the people have a right to an explanation of the necessity of this dangerous political experiment, and I am inclined to believe that is all it is, a political experiment. The press has also stated that the minister has not handled this matter well. He must reveal more facts. Unification is untried, untested and undefined.

The minister must have been aware he was causing unnecessary fears and confusion in the minds of the Canadian public by his silence and his refusal to define the term "unification of the armed forces". The minister knew he was not proposing any fundamental change in the services, but he let that idea circulate because of the press coverage he was receiving at that time. Possibly he had dreams similar to those that the hon. member for Leeds (Mr. Matheson) had for him. Perhaps he wanted to attain the top position—prime minister.

In any event the minister was getting a lot of free publicity. If that was the reason he allowed that idea to circulate then he obviously had no concern for the armed forces and was using his position only as a stepping stone or for political expediency. If that is the position—prime minister.

The minister knew that his statements were just a play on words designed to deliberately create confusion and in many cases unnecessary fears. What did he do to those officers who had served for a lifetime in the armed forces when he forced them to retire because they would not agree to something they could not understand? The minister could not make them understand because he did not know what he meant. I am sure he does not know what he means by unification. This was a word which obtained a lot of publicity for him. He continued to utter it time and time again.

As a result of this obvious play on the word "unification" the minister has perpetrated a gigantic hoax on the people of Canada, the armed forces and the parliament of Canada. This is the greatest hoax ever played by any minister in this or any other parliament. What is perhaps even more dangerous is that he has endangered the security of this nation. He has endangered this nation by dismissing or forcing the early retirement of a number of senior officers.

The minister in my opinion deliberately misled the Canadian public when he said some time ago in Edmonton that this issue involved civil control over the military.

Mr. Hellyer: Hear, hear.

Mr. McIntosh: I ask the minister to get up at this time and deny that he made that statement.

Mr. Churchill: No, he now confirms it.

Mr. Hellyer: I said it, Mr. Speaker, and I meant it.

Mr. McIntosh: The Canadian people are entitled to know if at any time during the minister's term of office there was a deliberately planned coup by the senior officers of any of our services. He owes this house and the Canadian people an explanation in respect of the statement he has now confirmed. What military control did the officers want to take over civilians? I think this is something that has to be explained in the house before discussion on this bill is completed.

[Mr. McIntosh.]

• (4:00 p.m.)

Mr. Churchill: Make him answer it now.

Mr. McIntosh: The hon. member for Winnipeg South Centre (Mr. Churchill) says, "Make him answer it now."

Mr. Churchill: Mr. Speaker, may I ask the hon. member a question? Has not the minister, by the answer he gave just a minute ago, cast a very serious reflection upon the officers and men in our services, namely, that they were trying to gain control over the civilian authority in this land? That is the reflection he cast upon our serving officers and men.

An hon. Member: Is that a question?

Mr. McIntosh: Mr. Speaker, up to this time I was not sure whether the minister had made that statement in Edmonton although it had been reported in the press. Today all hon. members present heard the minister when he rose and repeated that statement. I agree with the hon. member for Winnipeg South Centre that it is a serious statement. It does cast a reflection upon all officers now serving in the armed forces and in particular upon those who left under a cloud, as it were.

Mr. Hellyer: It was directed to one.

Mr. McIntosh: Tell us who that one is.

Mr. Hellyer: You know who it is.

Mr. McIntosh: We do not know who it is. You told us you knew.

Mr. Speaker: Order, please. If we are to have orderly debate it means that the hon. member will make his speech and the minister will eventually reply to speeches made, closing the debate.

Mr. McIntosh: Mr. Speaker, it has been suggested that the minister has not produced any proof for his statement, and I believe this house is entitled to some proof. I have only a few moments left so I will let one of my colleagues deal with this phase of the matter when I have finished. The minister is primarily responsible for the present uncertainties, insecurity and lack of confidence he has caused to develop because of the issue of unification.

As I said before, the minister will be responsible for the ridicule that will be directed at us when other nations realize that unification is a myth that existed only in the minister's mind. I doubt that it does exist in the minister's mind because I do not think he

knows what he is talking about. One writer, after reading the minister's speech, said:

> Many of Mr. Hellyer's arguments in support of unification have an improvised air about them, as though he had dreamed up unification first and then devised the evidence in support of it afterward.

I would say there is no evidence that he has devised the evidence in support of unification. At least, it is not on record and he has not told us what the evidence is. He certainly did not tell us in that ambiguous speech in which he said yes and no at the same time. Again I say that perhaps that speech was made so that when he attains a higher office or aspires to a higher office he can say to one audience, "I said no there and I will read it to you," and to another audience in another part of the country he can say, "I said yes here in the same speech." If that is not political expediency, I do not know what is.

Mr. Churchill: It is worse than that.

Mr. McIntosh: I submit that there is no evidence to support the minister's dream. Regardless of any explanation now put forward by the minister, the fact still remains that the term "unification" as used by the minister in his press releases could only mean extreme integration. I do not want to be unfair to the minister. I am sure all hon. members in this party will agree to a certain amount of integration. Those of us who have served in the forces of our country know that this has been taking effect ever since world war II, perhaps too slowly. If we were in the minister's position we would be able to realize that and speed it up if possible. We would have no quarrel with a program such as that; in fact, we would give the minister kudos for such an attempt.

An hon. Member: I would not go that far.

Mr. McIntosh: I should now like to say a few words in relation to what the hon. member for Halifax (Mr. Forrestall) said last night about a single chief of staff, a single committee, and so on. I do not want to repeat what I said on two previous occasions in this house. The first time I mentioned this matter was in May of 1963, and I dealt with it again just a couple of months ago. At that time I referred to the danger of having a single chief of staff. I agree wholeheartedly with the hon. member for Halifax that there is a danger here. All the minister has to do to realize this is refer to history and find out what happened in the United Kingdom forces when the government attempted to instal a single chief of staff over their forces. They did not continue that policy. We know what happened in Germany as a result of a similar experiment. I think the minister should be very careful because of his nature, and he should know this, that he does not gather around him "yes" men or people who will agree with him. That is not what the minister needs. I do not know whether the people sitting in the gallery are there because they are "yes" men or not, but I would suggest that if they want to serve their country well they should tell the minister the truth.

Mr. Churchill: Mr. Speaker, I am rising on a point of order. My understanding of the practice of the House of Commons is that visitors are allowed in the gallery and are welcome there but they are not permitted to bring in with them various articles such as papers, books or things of that nature. If undesirable people are in the gallery an hon. member may rise and declare to the Speaker, "I spy strangers." I do not want to do that on this occasion because there are some people here who are earnestly endeavouring to gain some knowledge of this debate. But I would ask Your Honour to discover whether the group of people sitting behind the press gallery are authorized members of the press gallery and therefore entitled to have books and papers with them or whether they are visitors to the press gallery who are not entitled to be here laden with books, papers and goodness knows what.

I realize that in recent years we have had to take very much more stringent security precautions in the house. Is it now permissible for people behind the press gallery apparently to have rather voluminous documents in their possession? Are they just visitors to the gallery? Are they members of the press gallery and therefore authorized to be present and have papers with them, or what is their purpose? I would ask you, sir, to investigate.

Mr. Speaker: I, of course, cannot see who is behind me in the press gallery. However, I think I should point out to the hon. member that for some time now the row of seats immediately behind the press gallery has also been occupied by persons who would normally sit in the official gallery. In other words, the proliferation of officials attached to ministers' offices over the years has meant that the departmental officials occupy not only the official gallery but also the row of seats behind the press gallery.

I might mention to the hon. member that there is a dispute, if I may use the word, between the press gallery and others about whether that part of the public gallery has been assigned to the press gallery and whether they have authority over it. So far as the Speaker is concerned, the authority of the press gallery over that particular row of seats has never been confirmed. Therefore in the circumstances departmental officials have used these particular seats. I assume that is what is being done now, but this is only theorizing on my part because, as I mentioned at the outset, I have no way of knowing who is now occupying those seats. I presume that is the explanation of the point raised by the hon. member for Winnipeg South Centre. In any event, I will look into the matter.

Mr. Churchill: I would just say, Mr. Speaker, that at this distance they do not look to me to be departmental officials and therefore I think they should be expelled from their position.

Mr. Speaker: I will look at them and see whether they look like departmental officials.

• (4:10 p.m.)

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, the activities which have been generated by the bill now before the house were referred to in an article which I read the other day as being a collision between the minister and the admirals. I do not know about that but I recall reading recently an authoritative book about accidents at sea and I was amused to see on the front page a single anonymous quotation which might interest the house in connection with this debate. It read: "Collisions at sea should be avoided. They can spoil your whole day". Some aspects of the matter now being debated have spoiled not only my whole day but also my whole summer and my whole winter, and I hope we do not intend to let them spoil our whole spring.

I had planned to make my contribution to this debate in the usual form and I had prepared a number of quotations from famous men showing how right the government is in introducing its unification legislation. However, on reading what has already been said in the newspapers and magazines and in the lengthy debate on interim supply, and having listened to the debate yesterday and today, I have come to the conclusion that this would be pointless now because it is evident to me that little that is new can be added to what has already been said somewhere.

[Mr. Speaker.]

The battle lines in this debate have been drawn, and like Wellington before Waterloo we are going through the motions of a sort of parliamentary gavotte before we get down to the real business before us, which is of course the vote on second reading. It is the form of this political dance which bothers me, and it disturbs me to the point where I feel that I must unburden myself to the house for a few moments on this subject.

As every backbencher knows, a backbencher has plenty of scope for contemplation. In contemplating parliamentary work generally and this debate in particular I am struck by the way our excesses in the house come back to haunt and plague us all. Debates on matters as close to the heart as this one generate in many of us a heat which gives rise to exchanges across the floor and in the press that amount to nothing less than slander and are a form of character assassination which leaves grievous and lingering wounds. It seems to me that all of this serves but little the cause of parliament and the people's business.

The general excuse, and how often we have heard it, is to say, he did this or he said that when we were over there, meaning the other side of the house from wherever the speaker happens to be. I know I am not the first to say this but I hope I will be the last to have to say that this is ancient history and it matters not one bit to the great majority of us. It should be forgotten, dead and buried. In my view it is inexorably poisoning the atmosphere and killing our work in this house, work which somehow has to be done. I point the finger at no one because I could not do so if I tried. I suppose we are all guilty of at least encouraging or in any event condoning this kind of debate.

I feel that we are too inclined, in the security and isolation of this chamber and elsewhere, to try to impute motives, however subtly we do it in order to get past Your Honour's watchful eye, and too inclined to place in question the integrity of the opponents of our own point of view. We do this when surely the real point at issue in every case, as it is in this case, is one of judgment. Is the government right in its judgment in introducing this legislation on a unified force? Some say this and some say that, some say yes and some say no, but it is all a matter of judgment, and the questioning of motives and integrity has no place no matter how subtly it is done.

What possible excuse is there for harking back to the day—and I mean no pun here —when, for example, the hon. member for Calgary North (Mr. Harkness) was minister of national defence, as has been done more than once in this house and elsewhere? Is it intended to prove that he was not a good minister? What is the point of that? Having used his name as an example, and it is only one example, I owe it to him to acknowledge to the house that from my personal knowledge, regardless of whatever has been said or implied in this house, the hon. member for Calgary North when he was minister in fact enjoyed the general respect of the officers and men of the armed forces for the job he was doing, and nothing can take that away from him. I venture to say again that, whatever is said or implied here, the same respect is generally shared today by the present minister.

If I can continue in somewhat the same vein for a moment, let me ask who would presume amongst us to question subtly the motives of that other westerner, the hon. member for Edmonton West (Mr. Lambert)? Of course there is no need for me to labour on his behalf since he has earned his place in this house and in this debate many times over by his unique experience in the service of Canada both in peace and in war. Therefore it pains me to hear us resorting to excesses in debate both here and elsewhere, and I implore hon. members both inside and outside the house to use the restraint which a matter of this importance deserves. I know this is not going to be easy, and little wonder, because a matter such as the unification of the forces which deals with long established and honourable institutions and is surrounded with such indefinite but nevertheless very real factors such as tradition, esprit de corps, morale and so forth, tends to make ordinary human emotions explode. When one adds to this the undoubted fact that into this emotionally charged field one is thrusting servicemen and ex-servicemen who, God bless them, are not used to losing and who do not intend to start now, then one has the makings of a real knock-down and drag-out battle.

Is this really what will serve our nation best? I suggest that there comes a time, and that time is now close at hand, when we must decide whether in the excitement of the immediate battle and in the excesses of the moment we are not endangering the very thing which in the long run we all wish to preserve. I am sure hon. members will agree that this is now a very real dilemma. I venture to say that every hon. member here and every person who has taken sides outside the house wishes to see the armed forces of Canada continue strong, useful and, most important, in good heart. What each one of us has to decide for himself is whether by prolonging this debate we are helping to achieve these things, and I for one do not think we are. It does not take much imagination to see what the inevitable results of delay and uncertainty could be, and I say it is a tribute to the qualities of Canadian servicemen that, after all that has happened, morale, enlistments and re-enlistments are as high as they are, and from what I have been able to find out from my own sources they are not at all bad. As I see it, this debate is in danger of becoming a "yes it is, no it isn't" type of debate, if indeed it has not done so already.

Are we now engaged in a time-consuming exercise in futility which could drag on for weeks and weeks, and if so will not the innocent victims of parliament be the armed services? The uncertainty under which they labour has been with us, one way or another, for long enough. Thousands upon thousands of pages of written words are a matter of record, and hundreds of thousands of spoken words have been devoted to the subject.

• (4:20 p.m.)

To be realistic, there may still be some legitimate questions to be answered and this is to be expected when there is almost no precedent for what we are undertaking. Firm answers, in my opinion, too often represent immovable positions, and in stepping into almost the unknown as we are doing this would be dangerous indeed. However, to be realistic also, it can hardly be argued there is much hope now of changing anyone's point of view on this matter. We obviously differ amongst ourselves on the wisdom of the government's action in bringing this matter before parliament, but it can hardly be denied with any justice that it is their right to do so and to do so in the manner in which it has been done. The government has the responsibility and they have followed the procedure entrenched in 400 years of parliamentary practice, which is a pretty good tradition in itself if I may say so.

The government has put its life on the line to back up its judgment and its responsibility. This is not a threat, it is a fact of parliamentary life. This fact sometimes needs explaining, if not inside the house then outside it. I certainly have no quarrel, and I emphasize

the word "quarrel", with those who oppose this bill. Let no one misunderstand the motives which have prompted the opposition. We have two genuine points of view and for the moment they appear to be irreconcilable. This situation is not new to parliament. Sooner or later we have to make a decision on this bill and then get on with the job at hand.

I have purposely refrained, Mr. Speaker, from entering into the subject of the debate because, as chairman of the defence committee, I feel it is my most important duty, if this bill ever does come before us, to help resolve the differences during the clause by clause study in committee. I have a duty to see to it, within that framework, that when the unification bill is returned to the house it contains all the essential safeguards necessary from the point of view of both the serviceman and the national interest. I have the duty to see that it reflects to the greatest degree possible a balance of the opinions and experience of the members of the committee.

I happen, of course, to support the government strongly on the principle of the bill, which is all that is before us now. This is a matter, as I have said, of personal judgment. For the reasons I have outlined, and in particular in the interests of the services, I urge the house to rise and shine, to use a service expression, and take a vote on this matter as quickly as possible. We should either get this bill approved in principle or get a new government. If the bill is approved, then our task is to get our heads together and, using all our intelligence, skill and experience but in particular all our good will, to do what is expected to us in committee by making this the best possible bill to meet our nation's needs.

Mr. M. W. Martin (Timmins): First of all, Mr. Speaker, may I be permitted to congratulate the hon. member who has just resumed his seat upon the manner in which he made his speech, although I cannot agree with the content of it. I hope the minister was listening closely and will take the attitude of the hon. member as an example. I am sure if he did so he would expedite the passage of this bill through this house.

In so far as the major principle of the bill is concerned, I can do no better than to endorse heartily the excellent speech delivered by the hon. member for Vancouver East (Mr. Winch) yesterday. Rather than repeat the remarks made by that hon. member, I think my time might be better spent in trying to give some advice to the minister, for whom I used to have a great deal of admiration. I had a great deal of sympathy with the alleged objectives of his integration bill as it was introduced in the house and publicized across the country.

I think back, Mr. Speaker, to the first time I saw the minister and that goes back some years now, long before I was a member of this house. I recall that at that time the minister was a very youthful, newly appointed associate minister of national defence. He was being heralded as the young, white hope of the Liberal party. He was particularly heralded because he was the first minister the Liberals had appointed from the city of Toronto in many years. Mind you, Mr. Speaker, there was no lack of qualified members from that particular region. I recall a very distinguished member of the other place who was a Liberal member in this house for a number of years. Almost everyone in Ontario wondered why he was not chosen to fill a cabinet post. Possibly the major reason was the fact he was a little hard to handle. I recall that when he was a cabinet minister in the Ontario government they tried to push him around so he promptly resigned his cabinet post. The federal Liberals did not want the same thing to occur again. Finally they decided that the best thing to do was to try to bury him in the other place. This move was not really successful because today he is one of the most vociferous and hardest working members of that chamber.

I recall having breakfast on many occasions with the present minister back in the days when he was a member of the opposition. I remember the many discussions we had at that time. I must say that the first impression I had of the minister continued for some time. I recall the night he was called in as a last minute replacement for a guest speaker and created a tremendous impression. After all, he was young, he had stature and good looks and he did make a very good impression.

I believe this impression started to fade at the time we attended the NATO conference. I thought at that time that the minister, then a member of the opposition, made use of his position for purely partisan purposes and did not really play the game the way one might expect. Of course, the reason is easily understood. The minister was ambitious. Now his ambition has been partially fulfilled at least by his appointment as Minister of National Defence. I might say that at the time he embarked on the program of integration, which has somehow become unification, he

had almost universal support. He had the support of the armed forces, the general public and the members of this house. I think everyone realized, certainly anyone who had been a member of the armed forces or who was interested in the minister's proposals, that waste and duplication were rampant in the armed forces. Everyone supported the idea of trying to achieve a little more efficiency in the services in order that the Canadian people could receive a little more value for their defence dollars.

• (4:30 p.m.)

The minister, Mr. Speaker, having had this great and wonderful opportunity, has muffed it. Somehow he has lost the good will that he had when he first made these proposals. He has lost the good will of the forces, he has lost the good will of the public and certainly he has lost the good will of the members of this house.

I think the reasons for his loss of good will in this house are quite obvious. We saw another example today during the question period. The minister seems to be completely unable to resist any opportunity to display arrogance and rudeness. The minister has been a member of the house long enough to know that this is not the way to get the co-operation of other hon. members. That is not the way for a minister to get his legislation through. Regardless of how great the temptation or how much his ire may be aroused, the minister's attitude is not the way to accomplish things. The minister's whole attitude in the debate on this issue reminds me of nothing more than a frustrated corporal who, because of the death of some grandparent, has inherited the office of commander in chief and ever since has behaved like a bull in a china shop, seeming to love the sound of breaking glass.

There are some people who say—I do not know whether this is true—that the prime motivation for this attitude is to try to show the Canadian people that, contrary to the present leader of the Liberal party, the minister is a man of strength and determination. Anybody who has started out on a project of this kind with the complete support of everyone but winds up without the support of anyone would make a very good leader of the Liberal party.

The reason the minister is losing the support of the armed forces is again, I think, quite easy to understand. I have with me an example, a letter received from a member of the armed forces serving in the Gaza Strip. I should like to read two paragraphs. He says:

> I do not see why the single man must pay for rations that are supplied from world powers. We do not receive any Canadian rations here and Canada only subsidizes an 8-cent grant per man. I'm willing to pay $2.40 per month but not $35 per month.
>
> If you can answer this question it would be appreciated and if Canada wants us to pay $35 a month let them send us good Canadian rations for a change. The food here is not worth $35 a month.

That is one of the reasons that the armed forces are becoming so fed up with the present minister. Another major reason for the minister's loss of the support of the forces is the confusion which is being caused throughout the armed forces as well as throughout the country. This confusion is rampant. For example, I have before me a few newspaper clippings dealing with the recent well-publicized pay raise given to the members of the armed forces, and they are quite interesting. On September 24 there was a story by Neville Hamilton of the *Journal* headlined "Armed Forces Pay Bonanza May Reach 30 Per Cent". Three days later, in the Ottawa *Journal* for September 27, there was a headline reading: "Forces' Boost 14 Per Cent". On the same day the headline of a story by John Walker in another newspaper was: "Forces' Boost Cut —Now 10 Per Cent". Two days later the following headlines appeared in two newspapers both printed in the same city. First, a story by Norman Campbell was headlined: "14 Per Cent Average. Forces Pay Increase Puts Stress On Skill". Second, a story by Dick Jackson was headlined: "Increases Average 10 Per Cent. New Pay Deal For Forces".

I do not believe that there is a conspiracy afoot among newspapermen to try to confuse the Canadian public. I think that these newspaper reporters were trying very hard to do an adequate job. I believe that they, like the house, the armed forces, the minister and all his officials, are completely confused about this whole situation. No one seems to know where he is going, what he is doing, what he can look forward to, what to expect, or anything else.

I have talked to ex-servicemen recently returned from Germany who told me that six months prior to their return they had every intention of signing on for another five years but that because of the confusion brought about in the forces over the past six months they cannot wait to get out of uniform. This they did as promptly as they could and returned to civvy street. If it were possible for

all members of the armed forces to get out of the services today, we would find the services completely depleted almost overnight. However, there is a beautiful little scheme to prevent this. I am told by servicemen—I have letters in my office to back this up—that if a member of the armed forces wants to get out of the services he must first of all have a job to go to and, second, he must give six months' notice. In other words, proof must be provided to the authorities that somebody will hold open a job for him for six months. In my opinion that is the only reason that the armed forces today are not so depleted that there would not be enough men to defend Parliament Hill against an invasion from Hull.

I suggest to the minister that the best thing he can do is to take a good lesson from the hon. member for Victoria, B.C. (Mr. Groos) and as long as this debate continues govern himself as did the hon. member. I think the hon. member for Victoria has rendered a very good service and I am very pleased that he is chairman of the standing committee. I hope he can maintain the calm and restraint that he showed today, and most of all I hope he can pass on some of his calm and restraint to the minister.

Mr. W. B. Nesbitt (Oxford): It seems to me, Mr. Speaker, that the most important issue in this debate is whether or not the present legislation, which we are told is designed to unify our armed forces, really indicates an important shift in our foreign and defence policies and, if it does, whether this shift in our foreign and defence policies is desirable. To date the government and, indeed, various organizations have dragged in a number of red herrings, so to speak, which have thoroughly confused the real issues involved. There are many, many questions concerning this legislation which have been left unanswered by the government, and how the government can have the effrontery to ask parliament to approve this legislation in principle before those questions are answered, or the details have been clarified, is hard to understand.

• (4:40 p.m.)

In my opinion the subject matter of this bill should go before a joint meeting of the defence committee and the external affairs committee so that the details of the bill and the government's long-range defence plan can be clarified. Only then could approval in principle be given or withheld by this house. The government and the minister have been vague and ambiguous with regard to many aspects of this bill but it does appear, despite all the confusion, that the following are to be essential elements of the measure.

First, it is the intention of the government to set up a single service which will be outfitted in one kind of uniform the design of which has apparently not yet been chosen and that all designations of rank will be an agglomeration of those now used in the existing services. It also appears that the government intends to do this over a number of years, perhaps over three or four years.

Second, it would appear that the new service will be extremely mobile and well armed. To this extent it will probably be very efficient. It will resemble a kind of marine corps or possibly, as somebody put it, a modified police force. I suppose it will rather resemble a marine corps.

Third, it appears that the air force and the navy will eventually be relegated largely to transport and support roles. These three considerations seem to emerge from the morass of information which has been handed out. As has already been pointed out this afternoon, the minister's public relations men are already organized upstairs, passing out information on this program to the press gallery. It is difficult for members of this house to compete with such a formidable tribe because they probably have easier access to the press than do most of us. However, I rely on the judgment of the members of the press gallery to pay some attention eventually to the arguments put forward in this house as well as to those handed out to them by the minister's public relations staff. Incidentally, I would say that the members of this staff have been very efficient. I compliment them because they have been able to "sell" the public on the proposition that this new, unified force will be economic, efficient, and somehow up to date in this modern world.

So far as economy is concerned, that is a matter of evidence, a matter of fact. There has been plenty of evidence so far to raise doubt whether this new force will be economical. I think these facts could be brought out very well when the bill goes to committee. For that purpose, and for that purpose alone, I see no objection to the bill going to committee after second reading. But approval of such a procedure ends there.

The second aspect which the minister and his cohorts have "sold" to the public is the claim of greater efficiency. Perhaps this new force will indeed be efficient. But efficient for what purpose? That is the big question, the

really important question. One naturally asks: can a hybrid force of this kind effectively integrate with the forces of our allies under our collective defence agreements such as NATO and NORAD? Our allies have no unified forces of the kind proposed for Canada at the present time; they have the conventional three services.

It is difficult for any of the military men with whom I have discussed this subject to understand how a hybrid force such as is contemplated by this legislation could successfully be integrated into the more specialized forces of our allies. As someone put it, it would be like trying to mix oil and water. Close co-operation in future with our NATO and NORAD allies would certainly be very difficult, if not impossible.

Another question which arises is this: what about the role of the navy with respect to NATO? As I understand from the information which has been given to me, our naval forces have certain responsibilities to carry out in respect of NATO, namely, anti-submarine work. It is also my understanding, though the minister has denied this from time to time, that our naval forces are at present not fulfilling the commitments which have been undertaken.

Mr. Hellyer: That is not so.

Mr. Nesbitt: The minister says no. He has said it on other occasions. But it is difficult to understand how this can be so when some of our ships are apparently not sufficiently manned to go to sea. The minister himself told us a year or so ago that there were plans to build additional ships to fulfil our anti-submarine role, but these vessels have not as yet been laid down.

It would seem to me, from information which is public knowledge, that one of the main dangers to NATO and to this continent is the increase in the number of nuclear-powered rocket firing submarines operated by the Soviet Union. While at the moment there is a detente between the Soviet countries and the NATO powers, there is no assurance that such a state of affairs will continue indefinitely and one must always take into account the weapons which any hostile power or powers might have. If the numbers of nuclear-powered submarines are increasing, it would appear to me that our navy should be given an increasing role rather than a decreasing one in this regard.

As both the minister and the Secretary of State for External Affairs (Mr. Martin) have stated on other occasions, defence policy really depends on foreign policy or, to put it another way, defence policy is really a part of foreign policy. What is our present defence policy? As I understand it, for a good many years our defence policy has been in this priority: first, to preserve the security and sovereignty of Canada; second, to play an active part in collective defence agreements such as NATO and NORAD. These two items are closely related, especially in regard to our link with the United States known as NORAD. The third objective is to participate in United Nations peace-keeping activities. These seem to be the three bases of our defence policy, and that is the priority given to them.

• (4:50 p.m.)

But there would now appear to be patent evidence that the proposed new force cannot fulfil adequately, if indeed at all, the first two priorities I have mentioned, namely, the immediate protection of Canada and active participation in collective agreements such as NATO and NORAD. There is, as I have mentioned, the difficulty of integrating a hybrid force such as is proposed by this legislation with the three specialized services of our allies, and there is the factor of the steadily declining role which seems to be laid out for the navy. It would now seem that the purpose is to place the third priority, United Nations peace-keeping operations, in first place, and there appears to be plenty of evidence to corroborate this very natural conclusion.

The Ottawa *Citizen*, a newspaper that normally speaks on behalf of the government, carried a lead editorial on Canada's defence program in its issue of November 5, 1966, which has already been referred to by the hon. member for Calgary North (Mr. Harkness). I quote from that editorial:

> The evident strategic doctrine contemplated by the government is to set up a mobile force of land, sea and air services that could be moved quickly to any part of the world to undertake either a U.N. peace-keeping obligation, or to help fight a brush-fire war on NATO's behalf. This would require the country's air and naval units to play largely a support role for the army, rather than the semi-independent part they once took. The air force appears to have come to terms with this doctrine. The navy has not.

From what I have seen over the years the Ottawa *Citizen*, and certainly its editor, seem to be very close to the Prime Minister (Mr. Pearson) and the government, and when it comes out with this allegation I think most reasonable people would be inclined to pay pretty close attention to it.

Another piece of corroborative evidence is that at the United Nations last fall, Canada's largest and principal project was a peacekeeping resolution which it introduced in the General Assembly. I have a copy of that resolution here. It is rather long, Mr. Speaker, and I would request that it be placed in the record of today's proceedings as an appendix to *Hansard*. As I say, it is a resolution which was presented by the government of Canada to the United Nations General Assembly last fall.

Mr. Deputy Speaker: Order. Does the house give unanimous consent to have this resolution printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: For text of resolution referred to above see appendix.*]

Mr. Nesbitt: The Secretary of State for External Affairs had the responsibility for this resolution, which was a very good one. In general terms it laid down guidelines as to how the United Nations could provide funds and troops at the request of the Secretary General. The Secretary of State for External Affairs and his departmental officials should be commended for it. However, at the United Nations we found that for a good many reasons peacekeeping is not in vogue any more, and this commendable resolution put forward by Canada was badly defeated.

Although we expected the Soviet Union and her allies to oppose it, much to the surpise of some of us we found that the following countries, many of them members of the Commonwealth, did not support the resolution: France, Australia, Brazil, Burma, Ceylon, Ghana, Iceland, India, Ireland, Jamaica, Kenya, Malaysia, Mexico, the Netherlands, the Philippines, Singapore, Trinidad and Tobago, Tanzania and Zambia. When our close friends, plus a great many other countries, did not support our resolution the conclusion is that peacekeeping is not at all popular at present in the United Nations.

If it is the intention to provide an integrated force mainly for peace-keeping operations we should be very careful of what the United Nations is thinking because, as suggested by the Leader of the Opposition (Mr. Diefenbaker) during the question period some time ago, we might have the force "all dressed up and no place to go". I am sorry that peacekeeping operations are by no means popular at the United Nations at present but the facts of life, unpleasant as they may be, are the facts of life.

As further corroborative evidence I would point out that from time to time many of us receive information from what the gentlemen of the press refer to as "reliable sources". People tell things to those of us who have been around here for a while, and the information which I have received from various sources and in various places is that the government's plan for a single service is to make it available for United Nations peace-keeping operations and perhaps occasionally for specific NATO purposes. I might add that two members of the goverment party have quite frankly said that this is the government's intention.

This suggestion was put forward by myself during the debate on December 7, and also by the hon. member for Edmonton West (Mr. Lambert), the spokesman for this party on defence and vice chairman of the parliamentary defence committee. We have posed these questions to the minister on other occasions and there has been no reply to our suggestions.

Mr. Hellyer: That is not true. They were categorically denied.

Mr. Nesbitt: I would like to know just when they were denied?

Mr. Hellyer: The last time you raised them.

Mr. Nesbitt: The minister, as usual, makes a vague remark. Perhaps when he is answering he will deny these things. He has not denied them to date. They were brought up the other day right after the minister spoke. The hon. member for Edmonton West again raised these points. I do not know when they were denied. They certainly have not been denied in this house nor have I seen any reports that they have been denied outside the house.

I do not wish to create the impression that members of this party are opposed to peacekeeping operations by the United Nations. Far from it. We are certainly most in favour of this sort of operation but we are not in favour of putting all our eggs in one basket, having all our armed forces designed for one purpose, to serve the United Nations and possibly help NATO fight brush-fire wars. I think the United Nations should be the third priority. The defence of this country and this continent should be the first two priorities.

• (5:00 p.m.)

If the government's intention is as I have outlined, I would like to hear the minister speak on that point when he replies because

there is some logic and merit in the apparent position taken by the government. It is argued that Canada cannot defend her huge area and enormous coast line all by herself, that we must rely on the United States to help us and, therefore, that it is better and more efficient for the United States to do this by herself. Then Canada could carry its share of the burden of keeping peace in the world by providing forces for United Nations peace-keeping emergency operations and also take a part in fighting "brush-fire" type wars on behalf of NATO.

As I have indicated already, I have no doubt that this new force could perform this function very efficiently. There is some logic in the position of the government in this regard. There are, however, certain arguments against such a proposal. Perhaps I might enumerate these. First of all, if the defence of the continent of North America is almost completely turned over to the United States, then the United States for her own protection and for the protection of the continent eventually must take over and use the military installations in Canada. In addition, the United States would probably find it was necessary to set up new installations in Canada. In view of the present increasing Canadian nationalism I would doubt very much that such a proposition would be acceptable to the Canadian people. As was suggested to me the other day, I hardly think it would be very acceptable if United States troops were quartered in the citadel at Quebec. That is just one example.

There is no one in this house who is any more a friend of the United States than I am. I believe it is all very well to have close alliances with friends, but once one starts turning over his household to them there can be only one result. In this case it would only encourage anti-American feeling in Canada even more than the C.B.C. is doing at the present time. I do not think this is at all desirable. If a situation were to develop in which United States troops of different types were quartered in Canada, then foreign countries could only assume under these conditions that Canada was little more than a military province of the United States. Should Canada be regarded as merely a military province of the United States, would our troops then be acceptable by the United Nations? I think they would not.

In the United Nations peace-keeping operations it recently has been the practice that the major powers such as the United States and the Soviet Union do not provide forces nor do their immediate close allies. Were Canada to be placed in such a position, I do not think our troops would be accepted by the United Nations. They could not be used. Then what function would they perform?

The third objection, to which I have alluded already, is that at the present time the United Nations is not disposed to undertake peace-keeping operations. This may change in the future, and I hope it does, but at the present time the United Nations is not disposed to undertake peace-keeping operations because of the many internal difficulties it has had in this regard. I shall not take the time of the house to enumerate these. Those members who are interested in this matter already know the reasons.

It is alleged that we have a faint voice in Washington, but if we should leave the defence of the continent entirely to the United States then under such conditions we would have no voice at all. At the present time we have a very good position internationally. However, there are a number of serious questions concerning matters which ultimately could seriously affect our sovereignty and position internationally. The government has not yet answered any of these questions. A few moments ago the minister stated that it has. I do not know where these answers are. I hope the minister will clarify this situation so that there will be no misunderstanding.

Is it the intention of the government to provide a single unified service, sort of a hybrid force, just for the purpose of U. N. peace-keeping operations or to take part in certain brush-fire wars on behalf of NATO? It seems to me that this is the case. There is a good deal of evidence to back this up, including private observations made by members on the government side of the house. If this is a fact, then the minister should tell us. If it is not a fact, he should deny it specifically right down the line, because I think this is the most important issue in this debate.

Matters such as economies, uniforms, what happens in respect of the various units and so on, of course are important, but the really important thing is how our foreign policy may be changed as a result of this program. The minister, in a sense, is in a awkward position in a debate of this kind because he cannot answer until the debate is wound up. However, I suggest to the minister, and I hope he will seriously consider the suggestion, that the subject matter of this legislation be sent to a joint meeting of the committees on national defence and external affairs so that we will

have an opportunity to ask some questions of the Secretary of State for External Affairs as well as the Minister of National Defence, because these matters affect our whole foreign policy in the future and our relations with the United States, the United Nations and other countries. I believe these are matters which must be clarified before we are expected to vote on the principle of this bill. If the minister will not allow the subject matter of this question to be sent to either of these committees, then I would hope that he would give very complete and, for once, unequivocable answers to all these questions which have been brought up from time to time. He has not done so to date but I hope he will before we are asked to vote on this bill.

Mr. Jim McNulty (Lincoln): Mr. Speaker, in considering the question of unification of the Canadian armed forces, I think it would be interesting to hear the words of a distinguished Canadian soldier, General Charles Foulkes, C.B., C.B.E., D.S.O. As hon. members are aware, General Foulkes gave distinguished service to his country for more than 34 years. He held senior military posts in the Canadian armed forces. He served as chairman of the chiefs of staff committee for over nine years. I should like to read the following article by General Foulkes entitled "Our Defence Dollar Is Being Wasted" which appeared in the Toronto *Star Weekly* magazine of October 14, 1961. The article reads as follows:

Drastic changes are needed in the organization of the Canadian defence forces. This year's regular defence budget—without the additions promised in the present session of parliament—came to $1.6 billion for a total strength of 120,000 men. About three-quarters of it is needed for pay, maintenance and operation, leaving only $400 million for new equipment, although effective defence depends more and more on highly complex and expensive weapons. We are well on the way, as one commentator remarked, to having "the best dressed, best paid and poorest equipped forces in the world". Unless we can devise a new approach we shall find ourselves spending more and more money on less and less effective forces.

I am not one of those people who think we can find an easy and painless way out by trying to be neutral or putting all our forces under the United Nations or even by refusing all atomic weapons. Nor do I agree that our forces don't provide any protection. They help to provide the only protection there can be—which is to prevent nuclear war by making it far too dangerous for an aggressor to start one. I think Canada must go on contributing what it can to the "nuclear deterrent" of the free western world. I think we must also go on supporting United Nations efforts—however haphazard—to police the world's trouble spots. The

[Mr. Nesbitt.]

question is whether we can reshape our defence forces so that they can perform these tasks more efficiently.

• (5:10 p.m.)

Can we eliminate the waste and duplication and futility which taxpayers properly complain of? Can we reorganize the navy, army and air force so that they will give the Canadian people value for money and make a better contribution toward preserving peace?

I think we can. With the money we are now spending, I think the forces could be reorganized so as to meet all the major aims of Canadian policy. The first thing to do is to abolish the Canadian navy, army and air force and unite them all into one single Canadian Armed Service, and that is the name I'd use. Their functions already overlap. The army and navy want to fly; the air force already dreads being relegated to underground burrows dusting off automatic missiles.

Instead of keeping a separate air division and army brigade group as part of NATO's European shield, we should have a single Canadian task force. Instead of our scratch collection of ships and aircraft patrolling the oceans—some under the R.C.N. and some under the R.C.A.F. with joint committees trying to control them—we need a single maritime task force. Instead of having the R.C.A.F. clinging to its aircraft as the cavalry used to cling to its horses, while the army conducts survival operations, we need a single task force for continental defence.

After my nine years as chairman of the chiefs of staff, trying to co-ordinate the rival services, I am convinced that we can't achieve much more by the present road. Attempts to integrate the three services by persuasion have been going on ever since 1945. They have woven a huge spider's web of committees, which are rather like foreign ministers' meetings where rival powers try to reach a compromise. Some of the branches, like medical services and chaplains, have actually been amalgamated. But there was no economy in these amalgamations. When former defence minister George Pearkes pushed through a merger of chaplain services, he ended up with two more chaplains on brigadier's salary.

The problem can only be solved by complete unification of the three services, with one chief of staff, one chain of command, one ladder of promotion and one uniform.

I'm thinking, among other things, of the young men who are now in the services or may contemplate joining them. We must realize that these are professionals. Both officers and other ranks look to the services as providing a career. They can't be hired and fired at will as defence requirements may change. But so long as we insist on keeping them in three separate channels, which never meet except to argue on committees, we are crippling their chances for promotion and greatly reducing the career prospects we should be able to offer them.

In 1958 we had to disband the anti-aircraft artillery regiment. Its role was finished. The regiment included many technicians with tradesmen's skills in radar and electronics who had several years' service ahead of them before they went on pension. The air force was busy at the same time recruiting people to man its new radar stations: It took them in green and trained them. Air Marshal Hugh Campbell, chief of the air staff, fully agreed with

Lieutenant General Finn Clark, chief of the general staff, that the surplus army men, who had been trained in the same skills, should be taken into the air force jobs. The "brass" pushed the idea, but it still foundered on the basic rivalries and vested interests of the different services.

I can see the same thing happening in the near future to hundreds of skilled men in the R.C.A.F., unless the services are unified in time. The Canadian air division in Europe has 12 squadrons flying F86's and CF100's, which are now becoming obsolescent. They were designed to intercept enemy bombers. Eight of these R.C.A.F. squadrons in NATO are to be re-equipped during the next two years with the Lockhead Starfighter, known as the F104G, which is now being built by Canadair Ltd. and numerous Canadian subcontractors. The new plane is called a "strike fighter" and it is designed to help ground troops by carrying a small atomic bomb to drop on enemy concentrations. It looks as though the R.C.A.F.'s switch to this new role in NATO will leave at least one-third of the pilots and ground crews of the present air division without a job.

At the same time both the navy and the army need men of just these skills. They are now advertising for new recruits whom they will have to train. Will they save the expense of training and absorb the R.C.A.F. men who already have the necessary skills? Not on the present basis, because it would upset their ladder of seniority.

The set-up of navy, army and air force is really a hangover from the two world wars. It was spiced up to meet the demands of NATO and Korea, but it's still basically a miniature model of the old British forces. This always meant keeping enough "brass" and pen-pushing "office wallahs" to look after four or five times as many active troops as Canada had. They were supposed to be ready with paper plans to mobilize the reserves and auxiliaries after war started. But today's strategy leaves no place for reserves and wartime mobilization. We are no longer trying to win the last battle. Our only object is to prevent war starting by making aggression too dangerous. The only troops which can contribute to this deterrent are those already trained, equipped and in position.

As it is now, navy, army and air force each has a separate establishment and each has different methods of administering it. Their manpower ceilings, laid down by the government, stand at 20,000 for the navy and 50,000 each for the army and air force. Naturally each tries to get as many men as it can into the higher ranks. When I was chairman of the chiefs of staff, we tried to rationalize the ranks through a three-man committee consisting of myself, the Deputy Minister of National Defence (C. M. Drury first, then Frank Miller, who succeeded me as C.C.O.S.), and the Secretary of the Treasury Board (originally R. B. Bryce, who has now gone on to be Secretary of the Cabinet). The one thing we learned was that the three services were organized so differently that we couldn't impose a single standard of rank requirements.

I consider that this is very unfair to the men in the services. There should be a single list for all promotions, appointments and retirements. Men should be posted to the various task forces according to their training, experience and seniority regardless of the colour of their uniform.

Although we can't turn over our whole forces to the United Nations—which doesn't want them, anyway—we ought to be able to go on providing contingents suitable for police duties as we did in Egypt and the Congo. But it shouldn't be as difficult to pick out the appropriate tradesmen as it was when the Congo force was being assembled last year.

You may ask why no one has tried to cut down the "brass" and unify the three services long ago. The answer is that we did. The late Brooke Claxton was made Minister of National Defence in 1946 with precisely this object. Until then there had been separate ministers and departments for each service. Brooke Claxton made a good start. The civilian side of the administration was unified under one Deputy Minister. "Bud" Drury, a former Brigadier, and later Frank Miller, an Air Marshal who went back into civies for the job, did all they could. The chiefs of staff were lumped together in one building around the one minister. Innumerable inter-service committees were set up. It seemed that one single Canadian armed service was about to be born at any time.

Then suddenly it was all dropped. I can't be sure why the idea of a single service vanished so suddenly, but the story at the time was that Mackenzie King had persuaded Claxton to become Minister of National Defence by promising him that he could move to another department as soon as he had "banged the heads" of the three services together and unified our defence effort. This promise gave him a chance to be quite ruthless in overruling inter-service jealousies and cutting out duplication. He got as far as amalgamating the civilian administration. Then, the story goes, Mackenzie King was so pleased with this success that he told Claxton to stay in national defence and continue the good work. Whether that's the reason or not, the attempt to unify the three services came to a grinding halt and we were left with innumerable, ineffective inter-service committees on every conceivable subject.

Let me quote one example of the way overzealous service loyalty at an earlier stage resisted common sense attempts at uniformity and economy. When the war ended, Dr. C. J. Mackenzie, president of the National Research Council, wanted to give up the military research which N.R.C. had been doing during the war, and asked the chiefs of staff to take it over. The army staff had prepared a plan, at my direction, to centralize all military resaerch for the three services in one research organization. It was bitterly opposed by the air force, which insisted on keeping sole control of all military air research. The chief of the air staff, Air Marshal Leckie, happened to be chairman of the chiefs of staff committee at that time and we made no progress. Finally I put the problem to my minister, then Douglas Abbott; and he put it to C. D. Howe. The air force, which still had a separate minister, Colin Gibson, got his support, and it took a cabinet level decision to overrule the air force and establish the Defence Research Board.

• (5:20 p.m.)

Brooke Claxton's new organization—more or less integrated on the civilian side with committee government on the service side—barely survived the challenges of 1950 and 1951, when we had to raise the special force for Korea and make our contribution to NATO in Europe and the North Atlantic. I was still C.G.S., with responsibility for raising and training the new army brigades. I had also become chariman of the chiefs of staff, which meant frequent visits to Washington, London and

Paris for discussions with our allies. There was so much work involved in this first effort to establish a collective defence alliance in peacetime that the government decided to appoint a permanent chairman, chiefs of staff. This relieved me of responsibility for the army and Lieutenant General Guy Simonds became C.G.S. But it didn't give me any direct authority over the chiefs of staff. They remained directly responsible to the minister, Mr. Claxton. I was expected to rely on my powers of persuasion to "co-ordinate" the services.

This led almost immediately to a critical dispute about the stationing of our army brigade group in Germany. We easily reached agreement that our air division in Europe should be stationed in the U.S. zone and supplied by the U.S. supply system. But General Simonds insisted that the army brigade group should be stationed with the British forces and get its supplies through them. All the rest of us in the chiefs of staff committee believed that the brigade should be near the R.C.A.F. contingents and that they should both be supplied through U.S. channels. This would have been more reliable and certainly more economical. But General Simonds took his stand on tradition and sentiment, and his plan was adopted.

General Simonds insisted on going to negotiate himself with the war office in London. He got an assurance of British support, but there was no written agreement of it and no details were spelled out. Within a few years the U.K.'s financial troubles and shortage of manpower landed us all in difficulties. Its supply system fell below NATO standards; the brigade group was affected; NATO authorities asked Canada to augment the inadequate British supply system. In short, the arrangement never was satisfactory: It still leads to friction and uncertainty. But it just shows what can happen when one service is allowed to follow its own desires instead of doing what is best for the overall defence effort.

We need one single armed service, under one supreme chief of staff, in one uniform. We need to organize our armed forces in the form of task forces designed for their particular jobs—at home or off the coasts or in Europe or with the United Nations. They should each be given the strength they need for their particular job at a given time. They would have no fixed establishment with rigid ladders of promotion, as the three services have now. They would all come under one system of administration. By this means—and only by this means. I believe—the taxpayers' legitimate complaints of extravagance, duplication and waste can be removed and Canada can start to get real value for its defence budget.

Mr. Dinsdale: Mr. Speaker, would the hon. member permit a question?

Mr. McNulty: Certainly.

Mr. Dinsdale: I wonder whether the hon. member has read the most recent statement of General Foulkes on the question of unification, which appeared last year in the Ottawa *Journal* under the heading, "General Foulkes asks where integration went wrong." He seems to have changed his mind considerably since that 1961 article.

[Mr. McNulty.]

Mr. McNulty: I did read that article, and I think the hon. member for Brandon-Souris (Mr. Dinsdale) and myself would be very pleased to have General Foulkes as the first witness before the defence committee as soon as we can get this bill through the house and into the committee.

An hon. Member: No, we want the minister first.

Mr. McNulty: Members of the house have discussed at some length this particular issue in regard to our national defence policy. During the interim supply debate from October 31 to November 15, 1966, there were 204,641 words spoken and recorded on 241 pages of *Hansard*. Certainly this is not a surprise measure. The government announcement to reorganize the Canadian armed forces was made on March 20, 1964. I quote from page 19 of the white paper on defence:

Following the most careful and thoughtful consideration, the government has decided that there is only one adequate solution. It is the integration of the armed forces of Canada under a single chief of defence staff and a single defence staff. This will be the first step toward a single unified defence force for Canada.

That passage in the white paper has been quoted before. Members of parliament have thoroughly discussed this subject and the special and standing committees on defence have had 81 meetings, where in 2,300 pages of committee evidence were recorded the thoughts, advice, reports and criticism of 103 witnesses, retired and serving officers, civilians, and so on. The Minister of National Defence has been accused of not giving sufficient information to the house regarding unification. The facts refute this accusation. The minister of National Defence or the associate minister appeared before the committee on 63 occasions. The minister himself answered 857 questions.

Mr. Churchill: How many dealt with unification?

Mr. McNulty: More information on defence has been provided to parliament through committees in the past three years than at any other time in the history of Canada. I appeal to all members of the house to give this bill second reading and move it into the defence committee where we can hear expert witnesses, some against and some for unification of the armed forces, where we may question, probe and seek the advice of top military and civilian personnel.

If hon. members will give Bill C-243 second reading and allow the defence committee to study it in depth, clause by clause, and come to conclusions in a democratic manner, parliament and Canada will benefit greatly. Let us hear these specialists in military matters who have been quoted from both sides of the house where their words will have meaning, before the standing committee on national defence.

Mr. Terence Nugent (Edmonton-Strathcona): Mr. Speaker, I am very happy to be following the hon. member for Lincoln (Mr. McNulty) in this debate and I hope the hon. member for Victoria (B.C.) (Mr. Groos) is still in the house because I would like to make a comment or two about his contribution to the debate. I thought the question asked of the hon. member for Lincoln put most of his speech into focus. He quoted at great length from General Foulkes' opinion of several years ago, but his answer indicated that he realizes that the general has now changed his opinion. But this did not stop the typical Liberal approach of putting on the record what they hope they may find useful and quoting someone whether or not the quotation is reliable.

I thought the suggestion the hon. member put forward was so much like the attitude of the Minister of National Defence (Mr. Hellyer): Let us get this bill out of the house and into committee so we can get at the facts and allay everybody's fears. It was very nicely put by the hon. member. But, of course, he did not bother to mention that since the question to be decided is the principle of unification, once the vote is taken the house has decided on the question and therefore there is no right for the committee to call evidence as to the principle of unification. It would then be useless to go to the committee to get answers to all these questions.

Of course, all this has been said before in the house. The same objections have been taken and we have received the same bland assurances. The frustrating part of it is that the minister can sit there very contented that he has been successful in the snow job he has been doing on the Canadian people as to what is at issue in this defence debate. Frankly, the situation is that this house is demanding information and the minister says: Ha, ha; I do not have to give you any and I am getting away with it.

• (5:30 p.m.)

There was an article in the *Globe and Mail* this morning on the same subject as the objection raised by the hon. member for Winnipeg South Centre (Mr. Churchill) with regard to the activities behind the press gallery. The minister has his high-priced and very successful hucksters up there riding herd on every word said. They are making sure that if anything embarrassing to the minister is said in the house they can descend on the press gallery and divert the attention of its members should they show any signs of thinking seriously about something which may be objectionable to the minister. His minions disseminate with the greatest vigour what the minister would like said about him and what will enhance his image.

Our principal objection to unification, our principal complaint, is that for the first time in Canada's history there is only one important element in the mind of the defence minister, namely, to sell his own image and to gain the political benefits which can be obtained from building himself up. I suggest that the minister is playing fast and loose with the security of Canada and with millions and millions of the taxpayers' dollars. His prime purpose is to ensure his own greatness.

I was amazed to hear the hon. member for Victoria (B.C.) (Mr. Groos), who is chairman of the defence committee, compliment the minister on the way in which he has presented the bill to the house. As a matter of fact I was shocked. The chairman of the defence committee was aware before anyone else in the house of the minister's methods to ensure that parliament would grant the funds for his program. The chairman of the defence committee was aware, before I was or anyone else on this side of the house, of the fact that the minister had tampered with the evidence before that committee. The hon. member for Victoria, B.C., said that the minister had acted in the same democratic manner which has been followed for 400 years. What nonsense. This is the first time that parliament has ever been so affronted by any minister of the crown. It is the first time that a member belonging to the same party as a minister who has so insulted this house has suggested that he will slavishly follow and support him in continuing to insult the house. The minister is guilty of tampering with evidence and he has done so for the purpose of ensuring that parliament does not get the information which is essential before it can decide on

those questions on which it is its duty to decide before granting supply. The suggestion that this is a method which has been followed for 400 years is sheer hypocrisy and I am amazed at the hon. member's effrontery in making such a suggestion to the house.

I think that the approach of the minister has been very consistent, as evidenced by the statements made by various individuals and organizations who have taken exception to the minister's actions. Their statements have been founded on a sincere and firm belief that the defence of this country is too important to be trifled with and that when drastic changes are to be made which have such a far-reaching effect on morale, on the status of the forces and on our security, not to mention the financial implications, the fullest information should be supplied so that all those who are concerned can see for themselves that the matter has been fully studied, that all necessary information has been made available and that the best minds have discussed it thoroughly. All the information has not been divulged to us. All we have is a barrage of propaganda and the bland assurance of the minister that all is well.

I was not surprised to hear the hon. member for Leeds (Mr. Matheson), who has come to the minister's defence so often, assure the house that any suggestion that full information has not been forthcoming is nonsense. As he said, the amount of information which the minister has provided to the house is stupendous. In other words, how can we say we do not have information when the Minister of National Defence has been willing to give it to us and in fact has given us more information than anyone else? The hon. member for Leeds told us to look at the great number of appearances which the minister made before the committee and at the great number of questions he has answered. Let me say in reply that I do not think anyone in the house is prepared to accept the minister's testimony on anything as being of any value or accuracy. In fact, after having witnessed his tampering with evidence we must even suspect his motives. I for one have to say about the minister what I have never said about any other minister of the crown, that I cannot in all conscience accept any information pertaining to defence which he gives to the house as being helpful to us. I am suspicious of it and in fact will reject it until such time as he should decide to submit to trial on the charges which he now faces and attempts to clear his name as any hon. member should.

[Mr. Nugent.]

I do not wish to return to the debate we had on this subject. The important point is for everyone in the country to realize that the minister's critics are concerned and feel they do not have enough information. For example, the Tri-Service Identities Organization, in a letter written to members of parliament stated in the last paragraph:

> We hope that you will support us in our objective of a commission type of inquiry but, as a preliminary step, the Minister of National Defence should be persuaded to follow the rational and democratic process of reconvening the defence committee before the unification bill is presented. We hope you will agree that an issue as vital as national defence deserves a thorough and open nonpartisan approach.

The minister labels these critics as a bunch of admirals trying to take over. His answer in the house indicated that the cause of the whole difficulty is that the top service personnel find themselves unable to grant to the government ultimate authority over the armed services, and he would have us believe that there is some sort of plot whereby the top service personnel are attempting to dictate to the government. I think such an approach is a reprehensible one and a studied insult to those people who have devoted their lives to defence. Certainly this is not the only insult which he has thrown at most of the top personnel who have found that they had to resign rather than go along with the minister's reckless plans.

The Air Force Officers' Association, which is composed of people who deserve the confidence of this nation as well as our gratitude for the services they rendered in the last two world wars, has written asking for certain information. They have asked for an explanation of what is meant by unification and integration. I think that this type of approach to the question of defence demonstrates the spirit in which the House of Commons has always acted until the advent of this minister, namely, an inquiring mind, a search for information and a real concern for the welfare of the country rather than solely the personal glorification of the Minister of National Defence.

In its brief the Navy League of Canada demonstrates exactly the same sort of attitude. Although we can understand that they have every reason to consider that the minister should be condemned out of hand for his character and conduct, for the way in which he had treated the armed forces and for the confusion which he has brought to this country, their brief indicates a simple search for information. This is obvious in the concluding

paragraph of the brief on page 36. They wish to be satisfied that the question has been properly considered. This paragraph reads:

• (5:40 p.m.)

It is of paramount importance to determine if there has been any change in the underlying principles on which our forces are established. Is it the intention to abandon the concept of forces organized to protect the sovereignty of Canadian waters, fields and skies, and replace them with a new kind of police force designed for dispatch overseas, and leaving Canada to be protected by others?

Certainly, Mr. Speaker, those are legitimate questions to which we have had no answers. I thought that the speech of the hon. member for Calgary North (Mr. Harkness) beautifully illustrated that point. The minister has not explained to the house what is meant by unification. He has not told us what his aims and objectives are. I submit that unless we know what his aims and objectives are, unless we know at least his definition of unification, it is going to be difficult for hon. members to vote in favour of this bill.

As for having confidence that this plan is the result of careful thought and detailed study by the best minds available, I find it incredible that all the evidence I can gather points to the fact that right up until last summer not one of the heads of staff, not one of the top brass in any of the armed services knew what the minister meant by unification. Not one of these people who have spent their lives in these important jobs knew what the minister intended to do. Not only had the minister not taken their advice but apparently he had not taken them into his confidence and had not even discussed the matter with them. In fact, when historians are looking at this particular period of Canadian history I think the most amazing thing to them will be that so many of the top brass were fired for disagreeing with the minister when nobody, including the top brass and the minister, knew what the minister intended to do. This is still the situation today. Nobody can tell us what he means to do with these forces. No one, I am sure, knows what this special force is.

Anyone who has seen the lengths to which the minister will go to keep information from the members of this house, the lengths to which he will go in disseminating propaganda rather than facts, would be a little afraid to accept the minister's definition of the special force. We do not know what it is to be used for. We know that no one in the armed forces is going to ask the minister because it has been demonstrated that if you ask a question you are on your way out.

I hope some members of the house have read the brief prepared by Rear Admiral Landymore which includes testimony he would have given to the committee if he had been recalled. The committee will recall that when he gave testimony before, not only was his brief altered and his evidence tampered with by the minister but the minister sat right there and pre-empted any questions that might be embarrassing. The minister gave his own replies. We have to take it for granted that this is exactly what he did with all the rest. In other words, the evidence that was given before the committee by the minister was given to prevent the committee getting the facts and not to give the facts as my hon. friends opposite suggest when they brag about the number of visits the minister made to the committee and the number of questions he answered.

It is obvious or should be obvious to hon. members that the purpose of the minister in answering those questions was to prevent the witness from giving the committee the facts which the witness had available and wanted to give. One has only to look at the proceedings of the defence committee to see how often the minister stepped in. One has only to look at those areas in which are armed forces are in such disarray today compared with the time before the minister took office, to see how skilfully he rode herd on officers who were responsible to him and to see how his interventions prevented them from giving evidence.

Rear Admiral Landymore had something to say in his brief about the subject of the planning for unification and whether it was the result of consultation with the best brains and most responsible people in our armed forces. I quote from the top of page 6 of the brief:

At this time the word unification was assumed to mean a single service, with a single identity, that is, a common identity for personnel serving in the force. This definition had to be assumed for there wasn't any official definition then, nor as far as I can determine is there one now. Indeed, in the military forces of other nations "unification" means something altogether different. For example, in Britain it is used to denote that in a theatre of operations there will be only one commander in chief who, with proper senior advisers from other services, will command the theatre. There was no study of unification to show how it had been arrived at as a concept. Although it has been claimed integration was studied, as far as I can determine there hadn't been a study of the implications of it either.

Whether people are opposed to the navy, whether they dislike admirals or generals, the fact is that the armed services constitute a tremendously important business in this country. There are many millions of dollars being spent. If we are going to have armed forces, then they must be properly run. When Admiral Landymore left the service he was chief of the maritime command and so would be in a position to know whether any studies had been made of integration. He would be in a position to know what unification meant.

Hon. members should consider the destruction of morale, the feeling of uneasiness, the wholesale firings of the top brass and the amount of consternation in the forces generally caused by this word "unification". One would have thought that someone would certainly know what it meant. If there was any plan for unification, if there had been any study of the effect of integration, certainly the top brass would have heard about it. But we have Admiral Landymore's evidence, and I will take his word any day over that of the minister, that he never saw any study. In other words, apparently we have been wandering along without any plan and with some idea in the minister's mind that he could change from time to time. I suppose this is what he means by "flexible".

I thought the hon. member for Fraser Valley (Mr. Patterson) did a fine job of explaining to the house the position of the Conservative party and those of us who are opposed to the minister's bill. I realize that the hon. member said it was his intention to support the minister. We are used to the Social Credit philosophy of criticizing something because they do not know what it is about but saying that they will go along with it. On this occasion I believe the hon. member was making a valiant effort to find out what the bill was all about. He did confess that the bill left him confused but said he was going to go along with the minister.

I suppose I should congratulate the minister because it is a fact that the feeling of the hon. member represents, I am sure, the predominant feeling of most citizens in Canada today. The minister has done a beautiful snow job by way of publicity not only on some members of this house but on the people of this country. No one yet knows what unification means but people have swallowed the minister's line that he is giving them more defence for less money, that Canada is leading the way in a sparkling, new concept which shows original thought and which other countries are going to be glad to follow as soon as they realize how brilliant our minister is.

• (5:50 p.m.)

I also realize why so many people in this country pay little attention to the armed services and to defence spending. It is very hard to arouse the interest of people in why we are fighting so bitterly over this issue. Because the people at home are not paying enough attention I believe we should perhaps redouble our efforts in this regard. I resent the minister doing a snow job. I resent the minister, who should be interested in the defence of this country, selling himself, and I doubly resent it when he is successful. I have always said that the Liberals—the minister is a shining example of this—can sell a lie faster than we can sell the truth, but when the effects of a lie are so far reaching and dangerous to the country as well as so expensive to our treasury, then our duty becomes much clearer and much more rigid.

Admiral Landymore related an incident or two to prove the kind of mystification which exists throughout the top echelons of our armed services. He stated in his brief:

> The minister himself gave us a clue at the meeting held in Ottawa in June 1965. At an assembly of a very large number of senior officers who had been invited to Ottawa to learn something of the organization plans for integration, the minister in his opening remarks announced there would be a single walking-out dress and a single rank structure by July 1967. I immediately asked the chief of personnel for more details of this and he, normally, is responsible for dress and rank structure. He told me he had no pre-knowledge of the announcement or any knowledge of any such plan.

I think the chief of personnel should certainly have had some knowledge of this if there was a plan. I would not be surprised if the Minister of National Defence had suddenly made it up on the spur of the moment and announced it in his speech. Since the minister had not been known beforehand to be an expert on defence matters and we in this house have no reason to suspect that since he has become minister he has learned very much about defence, it would be very comforting to hon. members to think that at least there are some people who know something about defence who have been guiding him. But according to this statement it has been a one-man show. The chief of personnel had no knowledge of something that it is his personal responsibility to know. He had no knowledge there was any such plan, which makes it

obvious there was no such plan and that there was no planning.

There is a line or two on page 7 of Admiral Landymore's brief which illustrate what many members in this house feel. He says:

> But it is impossible for anyone to support something, or to be against something, if he doesn't know what it's all about. For my part, from the beginning I have made it clear that if unification is to be carried to the rumoured extreme so that the navy would lose its identity, there would have to be clear improvements to efficiency and economy or I'd oppose it.

From the time the minister first put forward his concept of integration and unification of the services this was the position of this admiral who stayed in the service and stuck it out after Admiral Brock had gone and others had been fired. His position was that there would have to be clear improvements in efficiency and economy or he would oppose this plan.

I ask the minister, though I know it is futile, what is the objection to a senior officer who has this viewpoint? Does it not reflect the real concern of this officer for the efficiency and economy of the services? Is not the viewpoint of this officer one which we on this side would like to think prevails? Is he not taking his duties seriously in wanting to examine any radical changes to make sure that in all conscience he can go along with them, in wanting to examine the reasoning behind them in order to make sure that improvements will ensue, in wanting to voice his disapproval of them if he cannot find any improvements? That is what this officer was doing, and we all know the manner in which he was treated.

I should like to know, Mr. Speaker, how I can get the minister before the committee on privileges and elections or before the defence committee where those senior personnel could be called who have been forcibly retired or have taken early retirement from the services over the last few years, particularly those who resigned because they could not stomach any further the lack of planning and lack of policy on the part of this minister. Before such a committee, the minister would not be able to interrupt. He would be told to shut up if he tried to interrupt when we were asking questions of somebody else in our search for the facts. In this way we would get the facts, not the minister's propaganda.

I can well understand the minister being scared to death at being put in this position. I can well understand those who feel that the Liberal party would be given a black eye if the minister were shown up for the phony he is. I know why they so anxiously and slavishly support him and why they deny to this house the information that we should have before voting on such an important issue.

I must confess that I cannot go along with what was said by the hon. member for Fraser Valley. I believe it is a complete abdication of the duty of a member of this house to say, "I don't understand this bill but I am going to support it". Surely, Mr. Speaker, if the minister cannot make it plain to this house, if he cannot reveal the facts to the members of the house so that they can with confidence support the government, then the government has no right to proceed. Certainly no member has any right to give his confidence and a blank cheque to the minister under such circumstances.

I have said before and I say again that there is one fundamental point in argument that most have accepted as common sense from the time they were old enough to think. Whenever one becomes involved in a discussion one should not do what the hon. member for Lincoln (Mr. McNulty) suggests and regard something as a case of "It is or it isn't". If the facts support your side of the argument you should present the facts and try to convince the other side of the truth of your proposition.

Is there any member of this house, Mr. Speaker, who would take serious exception to this manner of approaching a question and trying to persuade others that you are right? Is the hon. member for Lincoln, who so glibly quoted the outdated speech of General Foulkes, going to suggest that the minister is afraid of revealing the facts unless the minister knows that the facts will support him? Surely it should have entered the minds of hon. gentlemen on the other side, as well as the mind of the hon. member for Fraser Valley, that if the facts are there the minister should be ready, willing and proud to present them so as to give conclusive proof of his statements and to overwhelm his detractors.

The hon. member for Leeds (Mr. Matheson) in his speech praised the minister for giving the house so much information. I am wondering whether the hon. member has had any courtroom experience. I can just imagine him calling a witness, saying to the judge that he could rely on that witness, the judge saying "Yes, but what about this recent conviction for perjury, do you still want me to take his word", and the hon. member saying, "He is a very fine fellow; take his word anyway". This

seems to me to be the parallel of what the hon. member for Leeds said in his speech about the information given by the minister, who still sits in this house though charged with tampering with the evidence of a witness. The purpose of the tampering was to make sure that we did not get certain information. The minister still has not disclosed this information. Yet the hon. member for Leeds has stated that more information on defence has been given to the house by this minister than by any other. For that kind of information we do not give much thanks.

• (6:00 p.m.)

I hope hon. members will read the speech made by the hon. member for Calgary North (Mr. Harkness). To my mind it was a perfect, a classic example of a difference of approach. I have not always agreed with the hon. member for Calgary North, but he is honest and straightforward and he said what he had to say like a man. The minister of National Defence has hidden the evidence, has resorted to half truth, has kept the facts from the committee and has given us nothing but propaganda when all we seek are the facts.

It is my hope that some hon. members who so far have supported the minister will search their consciences at least to the extent to which the hon. member for Fraser Valley has searched his and reach the conclusion that they do not really know anything about this plan. They might continue to search their consciences before reaching the conclusion that we as members of parliament have at least ten times as much opportunity as our constituents to find out the facts. They might admit that it is our responsibility to ascertain these facts before disposing of the taxpayers' money in such large amounts.

I wonder whether we can succeed in spurring the minister into rising and telling us what he means by unification and what role Canada's armed forces are to play. Perhaps he might even say something about nuclear weapons. When in opposition he was skilful at selling the idea of our commitment. The Prime Minister (Mr. Pearson) has promised to reconsider that particular role. Perhaps the minister, little as we can rely on his word, will tell us what part nuclear arms will play from now on in the armed services. Just what kind of defence force are we to have?

I would suggest, if I thought the minister was the type of man who would take advice in the house—he has not taken it from his military advisers—that the hon. gentleman should put aside the arrogance referred to by the hon. member for Timmins (Mr. Martin) and try to see himself as others see him for a few minutes. I suggest too that he should look at the speech made by the hon. member for Calgary North, compare that speech with the pamphlet he himself put out, and try to follow the example of that member. He could still disagree with the hon. member for Calgary North, but he might gain a tenth of the respect in which the hon. member for Calgary North is held in this house.

[Mr. Nugent.]

The Acting Speaker (Mr. Rinfret): This might be an appropriate point at which to announce the proceedings on the adjournment motion tonight.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Rinfret): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: The hon. member for Sherbrooke (Mr. Allard), Transportation—Montreal—Use of the French language in railway transportation services; the hon. member for Bow River (Mr. Woolliams), National Parks —Use of expropriation to halt court cases; the hon. member for York-Humber (Mr. Cowan), Administration of Justice—British Columbia—Commutation of death sentences of convicted murderers.

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Mr. Heber E. Smith (Simcoe North): Mr. Speaker, the objects of national defence ought to be clear to everyone. They are to defend our territorial integrity and the political institutions of our country, or at least those political institutions which we value. Our defence policy should be the means by which we seek to accomplish this.

The 1964 white paper on defence ought to be a blueprint to guide us in this purpose. It is anything but that. It is both confusing and

confused. It is impossible to get clear meanings from it. It reminds me of the story of the blind men who went to look at an elephant. One felt a leg and said "It is like a tree trunk." The other felt an ear and said "It is like a leaf". The third felt the tail and thought it was a vine. On this evidence the blind men concluded that the elephant was a tree. Consider the white paper of 1964. One can get any meaning from it one wishes. Nothing is clear. It is far from being a blueprint.

There are two essential truths about our national defence. They relate to our physical position and to the size of our country. The first is that the defence of our territory will always depend on others, primarily upon the United States. The second is that the defence of our principles must also depend on others. This will depend to a greater extent though on our political alliances with the Commonwealth, NATO and the United Nations. Of these three organizations only NATO has effective military strength.

To follow this through, our military role will always be to contribute to our own defence to the best of our ability, subject to the reality of our ultimate reliance on others. The degree of political integrity which we would be likely to retain after another world war would depend on the effectiveness of our contribution to our own defence relative to that of other countries. When, therefore, we are discussing integration and unification we must always do so with the knowledge of our dependence on others, realizing that our forces would be only part of a larger defence system.

It is hard to find any real objection to the principle of integration and unification of the supply services, the communications services and training facilities. Indeed, it might be fair to complain that the integration of these services might have gone ahead a great deal faster since the end of the second world war. If the services I have mentioned, along with similar services, were properly integrated, the result ought to be a real saving in both manpower and money. However, I am not sure that this phase of integration has in fact been carried out properly. My impression is that there has been far too little planning. There was and is still far too much haste—why, we do not know. This haste, together with the absence of planning, has, I feel, destroyed some of the advantages of integration at the level I have mentioned to the detriment of the morale of our military forces, their military efficiency and, incidentally, the combat efficiency of our troops.

• (6:10 p.m.)

I think this phase of the integration of the services is of such importance that no further steps should be taken until this has been accomplished in reality, not just on paper or in theory. We should have the reality of integration before we go further. Unified command was provided for in large measure by the amendments in 1964 when a single chief of staff was appointed. Unified command has been the subject of long controversy. Nearly every biography and history of world war II cites examples of disastrous mistakes in judgment and often attributes them to lack of unity in command. Many of the people who have written these books are experts but I have got the feeling they are being wise after the event in citing lack of unity as the excuse for other shortcomings such as bad judgment, bad advice or mistakes in execution.

I am not sure that all the damnation of lack of unified command is just. One recent book, for example, talks about the now generally accepted wastefulness of much of our bombing of Germany, but I doubt very much that the course we took in that respect would have changed if there had been unified command.

The 1964 amendments provided for a single chief of staff. The pitfalls in that course of action were set out in great detail both by hon. members and by experts inside and outside this house. The chief objection to a single chief of staff was, and still remains, that it cut off too many high ranking military officers from direct contact with the Minister of National Defence. The minister now gets only the consensus which the chief of staff brings to him. This perhaps cuts out bickering but there is a difficulty because the military machine is much more complicated and technical than ever before. The minister is usually a layman in military matters. Therefore I think he needs more advice rather than less advice.

One cannot help but wonder if many of the early retirements among senior officers are related to the fact that they have lacked direct contact with the minister or direct means of expression of their views within the services. I am not talking about their right to go outside the services and speak, but I think some of the retirements have been due to frustration. Officers have had no way in which to express their dissent and still stay within the services.

We have been given certain figures with respect to the integration of national defence headquarters but they leave me with great doubt because I feel they result in large measure from juggling of personnel and the transfer of personnel from one department to another. The figures look good but the savings are not very real. It is not the least bit reassuring to find that the plans for the new defence headquarters provide accommodation for a staff much larger than is proposed for its administration. Everyone knows what is likely to happen to empty office space if it is available anywhere in a government building.

All of the arguments for and against unity of command and integration of the services come down to one thing: the effectiveness of your military organization is measured by the combat unit it provides. This is the real test, the effectiveness of your forces, how effectively will they fight on land, sea and in the air. Few, if any, responsible military authorities have recommended a unified force below the level of an army brigade and its naval and air equivalents.

The minister has never told us clearly at what level combat unification is going to stop or start. We have talked about regimental identities. There has been confusion over the use of the word "regiment" because regiment to us means something quite different from what it means in the United States.

The minister's reassurances, such as they are, leave a lot to be desired, particularly when one reads *Hansard* for December 7, 1966, page 10831, when the minister was talking about the demands of modern warfare. The demands of modern warfare should be the whole criteria, the whole standard of judgment with respect to organization of our forces. On that occasion the minister made a couple of amazing claims. He said:

> The pattern of warfare in which armies fought armies, navies fought navies, and air forces fought air forces is not likely to be repeated. Under the traditional three service concept, the individual service recruited, administered, trained, equipped and supported the combat force units within that service.

Then he went on to say:

> Each component depends on its parent service for support in a host of ways which require special channels of communication and complex methods of co-ordination throughout.

In that speech the minister oversimplified what he called the old-fashioned pattern of war, armies fighting armies, navies fighting navies and air forces fighting air forces. He was entirely wrong because we have only to look at the kind of war still being fought today. We have a full-scale war in Viet Nam, short only of nuclear conflict. It is being fought exactly the same way as world war II and by very much the same type of army, navy and air combat units that fought the second world war. The only very new thing is the method of transportation, helicopters, although they are not very new in themselves. In 1967, we are seeing war fought in exactly the same way as it was in 1945. The war being fought in Viet Nam is very much the type of war that Canadian forces could be involved in if we were so unfortunate as to get into another conflict.

The minister talks disparagingly of the traditional three services concept where individuals were recruited, administered, trained and supported separately. I admit that they can be recruited and administered by a single authority, but a soldier who fights on land, either on foot or in a vehicle, will have to be trained, equipped and supported as a soldier who fights on land. He will require a special set of equipment and special supply for everything except food. The same applies to a man who fights in the air or a man who fights on the sea. There is no sense to what the minister says about the demands of modern warfare because in my view the advantages of unification at that level are not foreseeable at present. If those are the minister's views, then I think we should now refer this bill to the committee before we have accepted the principle involved, because after hearing witnesses it is possible that the minister might change his mind concerning the demands of modern warfare.

• (6:20 p.m.)

It is not enough to oppose unification or integration on the ground that it would destroy the morale of the services, but morale does play a most important part in the maintenance of our armed forces. We have been unable to obtain any meaningful or accurate figures concerning the manpower of our combat units in the three services. Over-all figures are very often misleading. I was in Italy during the reinforcement crisis of 1944 and 1945 when Mr. Ralston visited the troops. While the over-all figures continued to be reassuring, there was no question concerning the lack of men in the combat units. Indeed, it was so bad that Mr. Ralston came back and resigned his position as minister of national defence.

We do not have any good figures concerning our combat effectiveness. All we have is a sort of innuendo. We know that one battalion of the infantry had to be stripped down in order to reinforce another battalion in Cyprus. We know that ships are being laid up. We have the right to be disturbed about the lack of manpower in the combat forces of the army. I think we also have the right to be disturbed about the state of training in these services.

How are we to continue to supply the soldiers, sailors and airmen we are going to need? This is where morale enters the picture. Money never has been an overriding factor. One can never hope to pay members of the services an amount sufficient to represent a purely monetary incentive. Pride of service has played a very substantial part in getting people into the services and keeping them there. If we have a faceless unified service, will we be able to attract people to it or will we be able to maintain effective combat units?

The minister is a great admirer of Mr. McNamara. Mr. McNamara has initiated studies in the United States concerning ways to get rid of the draft. His officials, when speaking of getting people into the services, have an expression they use—"professional incentives". What this really means is the pay rate that would be required in order to have a completely professional service. The studies they have made indicate that the cost would be astronomic to maintain the United States services on a voluntary basis. Do we have any idea concerning what professional incentives we will have to offer in order to get people to remain in our services? Do we have any estimate of the dollar value involved in this or are we to continue along on this course, have our services depleted and then in two or three years find that in order to maintain our forces it will be necessary to have conscription or some other form of compulsory service? Will this be the result?

There are the important questions in respect of recruitment and retainment of personnel in the service. The minister skirts around them; yet I think these are the vital questions in respect of the matters we are considering today. We should not accept the minister's proposals and should not adopt the bill in principle until we have a full explanation.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, the bill of the Minister of National Defence is of great importance to areas such as the Atlantic region and particularly the maritime provinces. I should like to put on the record a few thoughts on this matter. I do not intend to deal in detail with various matters such as the new set-up concerning the chief of staff and so on which have been dealt with adequately by other members. I should like to reiterate, however, what was said by the hon. member for Calgary North (Mr. Harkness) and other members to the effect that our Canadian defence policy should be threefold. First, it should provide defence for our country, second, honour our international commitments so far as NATO and NORAD are concerned and, third, participate in the peace keeping operations of the United Nations.

In his excellent speech yesterday I believe the hon. member for Calgary North pointed out that with the mobile command now taking the priority position in our new national defence scheme our navy and our air force will only be support components and will not have an important part in our defence set-up. It is my submission that this should not be the case. If we are to carry out our commitments in this regard and provide an adequate defence of Canada, we require the three services which we have today.

I believe that integration at the various levels certainly is a necessary thing. It has been agreed by many officers in our armed forces that integration in respect of supply, pay and many other things—the components which make up the administrative part of our defence forces—is something which should be carried out, but not unification as proposed by the minister.

Perhaps I might place on the record a most interesting article which I do not believe has been referred to in this debate. It appeared in the Halifax *Chronicle-Herald* and was written by Dave McIntosh of the Canadian Press who had quite a wide experience in Korea writing on defence matters. The article is dated September 14, 1966, and reads as follows:

A manpower crisis, a financial crisis and planned unification of the armed forces have arrived simultaneously at the defence department.

He points out that the three problems are intertwined.

Since Mr. Hellyer took over the defence portfolio in April, 1963, the strength of the armed forces has dropped by some 17,000 to 106,000—45,000 air force, 44,000 army and 17,000 navy—of whom 12,000 are serving with NATO in Europe and 2,000 are on United Nations service in world trouble spots.

The drop may have been more since there may be a slight difference in the figures.

> The drop of 17,000 represents a financial saving of some 85,000,000. But the savings are being eaten up by the necessity of paying servicemen more to keep them from returning to civvy street for better paying jobs.

Then the article goes on to say:

> In the meantime, the cost of weapons and equipment keeps going up.

Of course the minister in his utterances in the house and as reported in the press has repeatedly talked about the impact of inflation on his department.

> The manpower and financial crises pose a stern problem—whether to reduce some armed forces commitments and tasks or increase the defence budget. The 1966-67 defence budget is $1,572,000,000, an increase of $22,000,000 over 1965-66.

As I pointed out, the real problem is that of unification. It is pointed out fairly in this article, as I have said, that a number of the leaders in the various services certainly have agreed with the proposition of integration but not unification. This very senior officer pointed out:

• (6:30 p.m.)

> We want to grow into unification in, say, five years.
>
> We don't want to be pushed before we can get properly ready for it.

That is what the minister is doing by this bill, which he expects to have passed in a hurry. Many hon. members have spoken about the bill and undoubtedly many of our military personnel do not agree with it. Some may agree with the proposition of unification, but do not feel it should be put into effect in a short period of time.

The article then states:

> Sources close to the minister say he is inclined to regard as disloyal any officer who opposes unification on technical ground and that is where the main opposition lies.

We all know that certain senior officers who would not agree with the minister's proposition for unification lost their jobs.

Another problem regarding unification was referred to by the Chief of Materiel Command who said—

—he could not provide them with adequate support...weapons, equipment, spare parts and the like...in an emergency.

He was referring to the operational commands. That is one reason unification should not go ahead so quickly, and a further reason it should not go ahead quickly is the upsetting situations young men find themselves in so far as careers are concerned. I talked to a number of excellent young Canadians who had joined the navy after attending R.M.C. and other schools, and they now do not know where they are headed.

In this regard our commitment to NATO is an important one, and as we all know our NATO forces report to the commander of SACLANT at Norfolk, Virginia. Under that command our role has been one in respect of anti-submarine operations. In the last few years our naval research people devised one of the best types of sonar systems, called the variable depth sonar. It was developed by E.M.I. Cossor, Limited, at Dartmouth, in the province of Nova Scotia. In my constituency the Trenton works company constructed what was known as a "fish" housing for this equipment. This proved to be excellent and assisted to a tremendous degree in our anti-submarine role. As has been pointed out by other hon. members, we have insufficient ships to carry out our role in NATO.

I have been aboard ships in Halifax during the last two months, and on one particularly I spoke to a number of junior officers. Reference has been made to the fact that we in the opposition have been talking about admirals and generals, and what they have said. These junior officers said they had wanted to make the navy their career but that they now do not know where they are going. They suggested that unification was not the answer to all our problems, and that it looked as though they would be stricken off strength.

These men pointed out that there were insufficient ships, particularly in view of the number being declared surplus, to train junior officers. In this regard let me quote from an article which appeared in the Toronto *Star* on September 24, 1966. It was written by Tom Hazlitt, who journeyed down to Halifax to see what the situation was, and who he wrote the following:

> At a jetty around the corner and out of sight of this old navy town there lie six ships which may consider a dismal symbol of the future.
>
> The six ships tied up at *Shearwater*, the nearby naval air base, are the modern destroyer escorts *Athabaskan*, *Algonquin* and *Crescent* plus the World War II vintage frigates *Swansea*, *New Waterford* and *Victoriaville*.

He pointed out that these ships were kept in what is known as "hot reserve". He suggests that is a way of saying there is nothing wrong with them except they do not have crews.

The article continues:

The ships cost the taxpayers several million dollars each and as they now stand are utterly useless for offensive and defensive purposes. They are in fact a deficit, because every day men go to work on them in an attempt to keep complex electronic and mechanical gear in shape.

He pointed out that theroretically these ships could get up steam and sail perhaps within a week or, by raiding training establishments and cancelling leave, the navy could probably muster crews within a month.

He also pointed out that—

—this "hot reserve" concept is largely window dressing because every sailor knows it takes at least two months of solid work to whip a new crew into anything approaching fighting efficiency.

He also stated:

H.M.C.S. *Skeena*, a magnificent ultra-modern destroyer escort with helicopter facilities, lies alongside at H.M.C. Dockyard preparing for a major refit. When she comes out in three or four months she will take on a skeleton crew and join the hidden fleet at *Shearwater*.

This may also be the fate of her sister ship *Annapolis*, which is undergoing refit.

Finally he states, and he was referring to the new uniform of the unified forces:

Take the case of the Jolly Green Jumper, as navy types designate the proposed common uniform proposed by Hellyer.

He then quotes a navy type to whom he was speaking at that time as follows:

The navy can still mount a flashy guard of honour, the officers still have that starched, stiff-upper-lip look, but the ratings observed in the bars and on the streets can only be described as scruffy.

This is so because their uniforms have been allowed to deteriorate because new uniforms are to be issued. He quotes a leading hand with seven years service who looked balefully at the patches and worn spots on his uniform and said:

A couple of years ago I wouldn't have thought of wearing this on the street. But now, what with the Jolly Green Jumper and all, it doesn't seem to matter.

Mr. Hazlitt's article then continues:

A saltier colleague put his feelings in more colourful language: I'll be flipped," he said, "if I'm going to wear the Jolly Green Flipping Jumper regardless of what Paul Flipping Hellyer flipping well says."

A bright young officer summed up the majority thinking. He said he agreed that the days of swords, ceremonies and iron clad discipline are over. But he added: "I've spent my entire adult life preparing to take command of a ship. Now it appears there aren't going to be many ships. So I'm shopping for another career."

The morale of the navy is very low.

National Defence Act Amendment

On December 19 of last year the Associate Minister of National Defence (Mr. Cadieux) answered a question I placed on the order paper. I asked what units of the Royal Canadian Navy are now being declared surplus or will be declared surplus at an early date, and this is the list as set out in that answer:

H.M.C.S. *Granby*
H.M.C.S. *Antigonish*
H.M.C.S. *Beacon Hill*
H.M.C.S. *Jonquière*
H.M.C.S. *New Waterford*
H.M.C.S. *Sussexvale*
H.M.C.S. *New Glasgow*
H.M.C.S. *Swansea*
H.M.C.S. *Stettler*
H.M.C.S. *Ste. Thérèse*

Surely some of these ships could have been retained in order to provide necessary instruction for our junior officers. If this is not provided the navy will be a thing of the past. An old saying of the navy is "The gravy's in the navy". I think those days are gone forever. Perhaps the "wavy navy" will never wave again.

In his answer the associate minister also said that tenders would be called for helicopter destroyers in March of this year. I hope that will be the case, but I fear it will not. It was my understanding that four of these ships were to be built. It will be many years before they are completed. Once a keel is laid, as hon. members are aware, it takes a great deal of time to construct one of these modern destroyer escorts. Unfortunately our navy will not have ships available for its operations, and when they do they will not have sufficient crew.

• (6:40 p.m.)

Let me turn to another matter. I was pleased on Robbie Burns Day to hear the associate minister announce that the minister agreed that pipers should be accredited as musicians. I think that is a proper decision. I have in my possession—I do not intend to read it all—an excellent letter from a constituent of mine which contains a letter from a pipe major who came from Scotland and had a distinguished career. Among other things he was appointed Queen's Piper of Holyrood Palace, Edinburgh. In 1948 he was appointed private piper to the Royal Company of Archers, private piper to the Queen's Bodyguard in Scotland, and so on. I intended making this speech before the change was made in the Department of National Defence but I will still put a few of these matters on

the record because they are quite pertinent. The letter says in part:

> The decision regarding piping—

That is the decision not to accredit pipers as musicians.

> —and music is just another step in the discarding of old military traditions, and I'll bet my last cent that there's a bigoted English "scrap metal" band type aiding and abetting the whole issue.

The letter continues:

> To say that a person who plays an instrument and music which must be committed entirely to memory, literally hundreds of different tunes, some such as the piobaireachd (piob-roc) involving times of 20 to 30 minutes playing, is not the equal of the man who plays a proportion of a musical score propped under his nose, especially on a trombone, bass horn, glockenspeil and the like is beyond the bounds of reason, and must indeed be the thoughts of a professional snob, not a musician.

I concur in what my constituent says. He goes on to ask a very pertinent question. I was at the United Nations with the hon. member for Chicoutimi (Mr. Langlois). As we walked up Broadway we saw the proud pipes of the Black Watch as the pipers marched along and made a great hit. My constituent wants to know this:

> I wonder if the D.N.D. must still comply with the musicians union regulations whenever pipers and pipe bands perform, such as was the case in New York and on the Ed Sullivan show recently. They can't have it both ways, surely.

That would probably be a nice question for the order paper, namely whether pipers are musicians. The hon. member for Chicoutimi might say that French Canadians do not like the pipes, and so on. This letter from Pipe Major Ramsay says:

> It has been suggested that the French speaking people don't like bagpipe music. To me this is utter nonsense. I have adjudicated in Brittany, France, where no fewer than 40 French pipe bands took part in what can only be described as "tremendous", the sight of thousands of Frenchmen flocking to hear "The Bagpipes".

Some hon. Members: Hear, hear.

Mr. MacEwan: I bring this matter forward just to point out that I have in black and white a commitment by the minister that the kilt will remain a part of the tradition of our forces. But I am wondering how often the forces will be allowed to wear it. Perhaps the minister when replying at a later date will answer this question. It is an interesting matter. It might be something like our second flag in this country: Only when the Queen comes here will they be allowed to wear it. I hope this will not be the case.

[Mr. MacEwan.]

We go back—and this ties in with the militia—to the days of the first world war when battalions such as the 78th and 85th were proud to wear the kilt, and the North Novas in the second world war, of which the hon. member for Colchester-Hants (Mr. Kennedy) was a company commander. We must remember that the militia is a very important part of the reorganization which the minister has put forward.

I have read that the militia will play an active role in the reorganization, and I hope this is true. I belonged to the local unit. Upon being elected to the House of Commons I had to leave it, of course, but I still maintain an interest at the local level. The reports I have received from some of the officers are not good. I hope there will be an active participation by the militia in the new reorganization, because they are most important for the defence of this country. I fear, however, that with a unified force this will not be the case.

May I refer specifically to the matter of defence establishments in the maritimes, and particularly in the province of Nova Scotia. I refer to those which are most important —Greenwood, Cornwallis, Shearwater, and so on. These bases pour millions of dollars into our economy, as was pointed out by the hon. member for Halifax (Mr. Forrestall). Not only that, but in my submission they are needed in order that we may provide for the adequate defence of our country and meet our commitments to NATO.

I recall that on coming into this house I and other hon. members called for the decentralization of industry in this country. These defence bases are among the most important industries we have. Our shipyards of course are assisted, although since the present government came into office the shipyard in my area has had hardly any naval refits because the ships just are not there. It is my hope that the minister will take a very close look at these defence establishments and will realize, if he means what was pointed out by the hon. member for Victoria, B.C. (Mr. Groos), namely that the good of this country must come first, that these defence establishments are most necessary for the first two parts of our national defence policy, that is, the defence of Canada and our commitments to NATO and other organizations.

Many very pertinent questions have been asked by hon. members: Is Canada going to rely for its defence in the future on alliances such as NATO and NORAD? If so, what type of military contribution is Canada going to make to these alliances? What are the specific

advantages in a single military service that are not attainable in an integrated three-service system?

Many questions put to the minister have not been adequately answered. In my opinion the bill before us is something written in black and white, but there are many more things that should be found out. There are many witnesses who should be heard, so we will be able then, and only then, to judge whether this plan that the minister proposes is a proper one. I say integration, yes; unification, no.

This policy has been hurried by the minister, and such should not be the case in a matter so vital to our country. The effective defence of Canada is our first duty. We have heard many very good speeches in this debate, and many important points have been raised. Hon. members have asked that this bill be sent immediately to the defence committee before second reading. I think the minister would be wise to do this, so that we would then be able to judge what are the merits of the bill.

Some hon. Members: Question.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I am responding to the general desire of the other side of the house to hear me. I was waiting to see whether hon. members opposite wanted to hear me, and I think they are suggesting that I speak now.

Some hon. Members: Oh, oh.

Mr. Churchill: I rise under a bit of a handicap in entering this defence debate. This afternoon during the question period the Minister of National Defence (Mr. Hellyer)—I copied his words down—said that I have only a primitive knowledge of the subject under discussion, and he then went on to say that he would be happy to send me more information. This is the handicap under which I labour, namely that my knowledge of defence matters and this bill is, in the opinion of the minister, primitive. Despite that handicap I thought I would be bold enough to enter this debate.

I have this similarity with the minister: I was once a corporal. When the hon. member for Vancouver East (Mr. Winch) was speaking yesterday he said there was a story going around about corporals. I quote the words of the hon. member as reported at page 12415 of *Hansard*, when he said that—

> —history would show three main troublemakers, one was Corporal Napoleon, one was Corporal Hitler and now it is Corporal Hellyer.

• (6:50 p.m.)

They certainly have been trouble makers; but I would not want any reflection to be cast either on present or past corporals, with the sole exception of those three. I stand here to defend corporals, because the corporal is the mainstay of the army. The officer has the advice of the sergeant major and the sergeants, who have the privilege of talking things over with their superiors; but the corporal is the one to whom orders are given and the one who does the work. His companions, the privates, treat him as one of themselves. In my day the corporal was not a superior person. The sergeant majors, sergeants, and the officers supervise and make the plans on paper, in an armored car, in a cellar or in a dug-out, but the corporal and his section have to go out in front and carry out the orders which they have been given. I am speaking in favour of the corporal and I hope that just because we have had some offenders like Napoleon, Hitler and Hellyer, the rank of corporal will not be downgraded.

On December 7 the minister introduced the bill in a rather lengthy speech, of which he was so proud that he had it reprinted specially, with the addition of photographs, for the edification of the general public and of the people in the services. I have not yet received my copy of that expensive brochure or document, but I notice that his speech filled 19 pages of *Hansard*, 15½ of which were devoted to matters which we have already heard debated before. This constituted the historical summary. It showed us largely what had been done by better ministers of defence before the present minister. These 15½ pages were a repetition of what we had heard in the defence committee and here in the house. The minister was so unenthusiastic about the bill that he devoted only 3½ pages to a discussion of it. He should have concentrated his attention on the bill, which is to be the crowning glory of his career.

We are witnessing a strange series of events in the house. Before Christmas the Minister of National Health and Welfare (Mr. MacEachen) presented us with two or three bills which had to be completed. He had to have the claque of the Liberal party behind him to give him encouragement, and when the bills were passed he rose in the estimation of his party. One of those bills does not even take effect until 1968. Lately we passed a bill in the name of the Minister of Transport (Mr. Pickersgill). That bill on transportation was his crowning achievement, and he had to get

it through the house one way or another before ending his career. In one of the statements which he made during consideration of that he devoted only 3½ pages to a discussion Minister of Transport is approaching its completion.

If I could be sure that the passage of the bill before us will bring to an end the career of the Minister of National Defence (Mr. Hellyer), I might take a different view. Perhaps one of the assistants of the minister sitting behind the press gallery could send down a note and tell me what is the future of the minister, and if the passage of this bill will promote a change in his occupation. I think that the opposition should have such information at its disposal. It might change our attitude with regard to the minister. As a matter of fact the parliamentary secretary to the Prime Minister indicated last night that the minister will not continue forever in his present position but might become the prime minister. These words are recorded in *Hansard*. I wonder whether the Prime Minister (Mr. Pearson) has been advised of this sinister plot that is going on behind his back conducted by his own parliamentary secretary. This is what shook me last night.

Although we do not have any information regarding the future of the minister, we have his bill before us, the crown of his career, which may wind up what he has been doing in national defence. Perhaps that is why he is pressing on with it at present. He does not wish to subject the principle of that bill to an investigation by the committees on national defence or external affairs, to see whether we are following the right course. This is one of the most important bills that has ever been placed before us. I intend to oppose it, just as I opposed the bill which brought changes to the administration of the Department of National Defence and set up a supremo in the person of the chief of staff. I do not like the idea and I hope it can be changed in the future.

Similarly I am now opposing this bill and I join my colleagues in pointing out its errors. Although we have heard hon. members saying that this subject has been debated and that now is the time to complete the debate, I say that this is the first opportunity we have had for a debate on the subject of unification. We have talked about integration and we have exposed the fact that the minister has misled the house by providing incorrect information or by not providing it at all. However we have not had the opportunity to debate the subject of unification. This is the first opportunity we have had to study it at length, because until the bill was presented to us and until we heard the minister's speech on it we did not know with any exactitude what the minister meant by unification. On earlier occasions we tried to get that information from him, but we failed. Time and time again I asked him whether he would give us a definition of unification but he would not do it. It is only now that this subject is placed before us, and we intend to examine it with the greatest of care.

Mr. Speaker, may I call it seven o'clock.

The Acting Speaker (Mr. Rinfret): The house will now suspend its sitting until eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

Mr. Churchill: Mr. Speaker, just before the supper hour, which was of no advantage to me, I was making some introductory remarks. I should like to continue them now. However, I should like the assurance of the minister that he has his brain trust in the gallery behind the press gallery, equipped with their suitcases, documents and writing pads, in order that they can keep an account of what is going on here and pass to the minister or to the members of the press contradictory items of information. If they are present, perhaps we can continue.

I was talking about the minister's presentation on December 7, and I made one slip. I said that in the 19 pages his speech covered he devoted 15½ pages to telling us things that had already been placed before us. My slip was that, during the course of those remarks, he dealt with a single unified force, something which had not been drawn to our attention on any previous occasion. I was going to criticize him for that omission in days gone by when we had the defence committee operating. Incidentally, the minister has been afraid to summon the committee during the last seven months, in view of the disclosures that would be made at that defence committee.

The minister did not tell the committee or the house about his ideas with regard to a single, unified force. This idea has now been disclosed in the bill before us and in the speech the minister made on December 7. I

cannot deal with all the matters that are subject to criticism in the speech the minister made, or as to the principle of the bill, but I hope to have another opportunity to do so. I am restricted to 40 minutes while the minister had about an hour and forty-five minutes. However, I will mention some items.

Before I conclude I intend to give the minister an idea, and I hope he will think about it. I hope he will put his brain trusters to work and set up a study group if he sees merit in the idea. I believe even this minister will see some merit in the proposal I intend to put before him before I sit down. Before doing that, however, I want to draw attention, with some regret, to the continuing misleading statements to which the minister subjects this house and the people of Canada. In his speech on December 7, as recorded at page 10820 of *Hansard*, the minister referred to rising costs. He was attempting to get across to us and to the public the fact he had made some substantial savings, and he used these words:

> The facts are clear and incontrovertible. Either the defence budget had to be substantially increased or substantial cost reductions had to be made. Otherwise funds would simply not be available for the capital expenditures that are essential to effective military forces. These pressures will continue. The integration through unification process will generate important new cost reductions for some years to come.

• (8:10 p.m.)

The minister went on in that vein until I interrupted him to ask:

> Will he relate the reduction of personnel to the cost factor?

The minister dodged that and simply replied:

> Let me continue my statement.

However, Mr. Speaker, I had had it from him earlier by way of question and answer on another occasion that by reducing the personnel in the services and on the civilian side of National Defence headquarters to the number of 23,000 all told, the minister had saved on the cost of personnel and was able to divert that saving to other purposes. That is how he effected what he likes to proclaim to the public as substantial savings in national defence.

The budget of the minister for national defence is the same; he has a ceiling of $1,500 million, or it goes a little above that now and again. The minister has made no saving to the taxpayer at all, yet this is the type of propaganda that he has spread across this country. Here and there I hear from various people, and from some who should know better, that this minister has saved the taxpayers money. He has dismissed from the services 23,000 people, and this saving by way of salaries and upkeep has eliminated any increase in the defence budget; but in point of fact there has been no corresponding savings to the taxpayers. I regret that the minister continues to give misleading information such as that.

I want to say a word or two about the minister's statement concerning the single service concept, as he calls it. The minister wants us to believe that when he issued the white paper in 1964 this was implicit in that white paper. I am not going into all the details. The hon. member for Calgary North (Mr. Harkness) pointed out that this was not evident at the time. It is not evident even now from reading the white paper. There are ever so many senior officers, retired, dismissed or fired by the minister, who will be prepared to state, I expect, that this was not evident to them when they first read the white paper or when they had conversations with the minister.

Be that as it may, Mr. Speaker, the minister said that this concept was introduced at that time and that we are now going to have just one single service. The hon. member for Swift Current-Maple Creek (Mr. McIntosh) pointed out this afternoon, with several examples, how the minister on one page says we are going to have a single service and on the next page says that there will be a navy, an army and an air force, or that there will be sailors, soldiers, and airmen. There must be half a dozen examples in this speech of his where, on the one hand, he is saying that we are going to have one single unified service, and yet things will be unchanged.

What are people to judge from that, Mr. Speaker? The only judgment you can make is that the minister is misleading the House of Commons and the people of this country, and I do not think that this should be done.

Remarks were made the other day about the statement of the minister in his speech in connection with higher loyalty; the minister gave us some peculiar statements with regard to that matter. He said that the men in the three services, despite their respective loyalty to each individual service, will have to develop a loyalty to a single unified service, and consequently a higher loyalty to their country.

I think this is quite wrong, Mr. Speaker. I stated yesterday, or stated by way of interruption in the course of discussion going on, that this was insulting to the people now in

the services. Anyone who has served knows perfectly well that his loyalty was to his unit, to his corps, or to whatever branch of the services he was in, whether navy, army or air force; but there was an overriding loyalty which did not have to be further developed, that loyalty to his country, to Canada. It was the same in the first war and in the second; there was this overriding loyalty to Canada. Every serviceman that I ever saw or met had that loyalty and was proud of the fact that he was serving his country.

The minister tries to tell us that because the services are split between navy, army and air force the people in these separate services must develop a higher loyalty to a single service, and hence to their country. That, sir, I think is an insult—an insult to Canadians who have served and to Canadians who are now serving, and I reject it entirely.

I was interested and amused by the reference by the minister to adaptability to change, which appears at page 10831 of *Hansard*. Then the minister went on to tell us about the various weapons and their influence on the services. Let me quote some of his words, as reported at that page:

> Many of these developments cut across the traditional lines of distinction between the different services. One example of this is the anti-submarine warfare equipment which can be carried in land-based aircraft or carrier-based aircraft, or in ships on or under the sea. Another example is the use in all three services of fixed-wing aircraft and missiles. Still another is the use of helicopters in all three armed forces as reconnaissance vehicles, weapons platforms and instruments of mobility. The recent creation by the United States of mobile divisions with their reliance on helicopters may mark a departure from tradition which will have a profound influence on the nature of military activities.

Then the minister goes on to say this:

> Such changes must affect the organization of the forces. It is clear that the influence works in the direction of a single service for reasons of military effectiveness, cost and career considerations.

I do not know where the minister gets these illogical statements. Just because an artillery weapon is used on a ship as well as on land the minister seems to think that you must therefore unify the services. Just because a machine gun is used in aircraft, on ships and by the army on land he says you must therefore unify the services. It is just sheer and utter nonsense.

The minister thinks that the use of the helicopter with a mobile division is going to change the whole nature of organization within the United States forces. On the contrary, the use of the helicopter is just another

method of obtaining mobility, which has been the search of armed forces ever since the beginning of warfare. If we had more helicopters in the Canadian army we could form a helicopter brigade, fashioned upon the experience of the United States division which is now in South Viet Nam. As the years go by there will be other means of getting infantry from one position to another, whether by a track vehicle by helicopter, by some other method such as propelling an individual over ditches or walls; or even the age old method of simply walking on your flat feet.

I do not see why the minister suggests that because these changes are taking place we have to have a single unified force. The whole history of warfare is that changes have been adopted from time to time, some of them slowly, some of them more rapidly. But it is not necessary to unify the navy, army and air force just because they happen to use similar weapons.

Then the minister had some profound words to utter about the demands of modern warfare. The hon. member for Simcoe North (Mr. Smith) talked about that a little while ago. As reported at page 10832 of *Hansard* the minister said:

> The need for fast decision-making and quick reaction is synonymous with modern warfare.

• (8:20 p.m.)

I have heard all that before. Everything is to be done much more rapidly than in the past. Decision making is to be done in a split second instead of being carried out over a period of time. But it is too bad this cannot be applied to civilians such as those who compose the present cabinet. Their decisions are not reached in a split second. There is procrastination, delay and postponement. But the minister is attempting to tell us that everything is changed—that there must be a new attitude and a single, unified force in order that we can have these quick decisions. I have heard all that before—in 1939, in 1940 and in 1941. The second world war was to be so different from the first. Everything was to be done much more rapidly and men who could make quick decisions were required. My actual experience of the second world war showed that in many respects it was like the first. I regret the need to mention these things, because the minister said earlier, as Your Honour will recall, that my knowledge of such matters is primitive, which means, archaic, antiquated and ancient.

If I may be pardoned, let me state categorically that decision making in the second world

war was in many instances no quicker than in the first, not a bit. Again, in the second world war, speed of movement in the areas in which I was operating and which I had the opportunity to observe was no faster than had been the case in the first. It depends on the nature of the situation and on the nature of the ground. We talked in 1939, 1940 and 1941 about tanks going at 20 miles an hour. Well, I saw tanks going at one mile an hour in the month of January, 1945, and they were lucky to make that speed. So when the minister tries to tell us that everything is changed, that we must reach decisions more quickly because we have a single unified force and because we have new equipment, it shows he does not know very much about the actual operations of war.

In that famous speech of his, the minister uses a heading which reads "To Sum Up". That is a bright paragraph heading. This is what he says with regard to the bill:

> The object of this bill is not to destroy and erase at one stroke the traditions of the past but to build, on the solid foundation we have forged, a strong and viable force to meet Canada's needs of tomorrow.

Well, we know he has, in fact, destroyed at one stroke the traditions of the past. He has virtually wiped out the navy and its tradition. He has already effectively wiped out the traditions of the air force and the army. He talks about Canada's needs for tomorrow which, in the minister's mind, will be so different from Canada's needs today and are so different from Canada's needs ten years ago. Apparently he had a special perception of the future. Then he goes on to say:

> I believe that the present division into three separate service components imposes restrictions and that these barriers should be removed both in the interests of the most effective military forces for the future and in the interest of the men and women who belong to the force.

What are these barriers? He does not tell us, but he goes on to say this:

> That is the essence of this bill. It has nothing to do with the question of naval forces, land forces, air forces or even space forces. Rather, it has to do with the management, the strategic and operational planning, the training and support, the capacity of the force to adjust to changing requirements, and the ability of the force to provide meaningful, challenging and rewarding careers for service personnel. All of these needs are enhanced by unification rather than the traditional separation of the men and women who comprise the force into three components.

Well, in that paragraph the minister's brain trust produced quite a bit of gobbledegook—I think that is how it should be categorized. We are told that the essence of this bill has nothing to do with naval forces, land forces or air forces. I am uncertain as to the minister's real objective. He talks of a single unified force, yet on the other hand he says there will always be sailors, soldiers and airmen.

We have not objected to certain aspects of integration—integration of the supply and administrative services. We have not objected to the training of the high command in the knowledge of operations by land, sea and air. Indeed I think that is essential in order that in combined operations, which are as old as history, our commanders in this modern age may be able to adapt themselves to the use of forces in the three elements. We have not objected to that. But we have objected to the single chief of defence staff, and we are objecting to the single unified force.

Sir, the single unified force seems to us and to people who have been writing about this subject to be designed to promote one aspect only of Canada's defence. I intend to quote from an article written by the former chief of staff, Air Chief Marshal F. R. Miller. He has since retired; I do not know what his attitude is, or was, with regard to unification. At any rate he wrote this article which appeared in the Canadian Forces *Sentinel* of June, 1966. The article is called "The Decisive Years" and it was directed primarily to university undergraduates and senior high school students in order to encourage them to enter the services—an object of which I approve. He says this:

> Operationally, Canadian servicemen are being employed more and more in peacekeeping, or "fire brigade", roles.

Later on, he says:

> Today the Canadian serviceman is, first and foremost, a man of peace. He is still trained to use his weapons, and use them well, but there has been a subtle change in his prime purpose. Once it was to fight and win. Now he must add the role of preventing or halting bloodshed.
>
> His duty, in essence, is the assertion of the rule of law as well.

Our Canadian servicemen have, very commendably, been undertaking United Nations peace keeping operations in various parts of the world and the policy of this government as expressed by the Prime Minister (Mr. Pearson), the Secretary of State for External Affairs (Mr. Martin) and the Minister of National Defence (Mr. Hellyer) seems to be directed toward enlarging Canada's contribution to peace keeping forces for the United Nations.

National Defence Act Amendment

• (8:30 p.m.)

The change that is taking place in the forces appears to be directed along that line, with the navy dropping its anti-submarine role and the air force dropping its attack force role, bomber fleet and strike reconnaissance role in order to give transport assistance and close support to a land force, with the navy also providing transport assistance. With the sanction of the government this is what the minister appears to be aiming at, but at the same time he says, "Oh no, we are going to maintain our contribution to NATO although it may be reduced in size from time to time. We are going to maintain our military alliance with the United States in NORAD, and maintain our connection with the Commonwealth for military purposes, if required." But recently the minister has come around to putting United Nations peace keeping operations in the forefront, and this is where I think he has gone wrong.

I do not think there is any objection in this house or throughout Canada to activity by Canadians in peace keeping operations, but I believe these peace keeping operations should be separated from our military forces, navy, army and air force. Most of this work has been done by army personnel, and in this connection I mention the Gaza strip, the Congo, Cyprus, and the International Control Commission, the brightest organization in the eyes of the Secretary of State for External Affairs (Mr. Martin). We also have people stationed in various other parts of the world, but most of the work has been and is being done by the army. I believe we should separate our peace keeping role from the armed services. Our peace keeping forces have not been obliged to intervene to put down insurrections. So far as I know they have not engaged in fighting. They have defensive weapons in case they are attacked or unexpected trouble occurs, but they have not been used to suppress military activities in any country. We had signal personnel in the Congo. I presume if we had had infantry there the United Nations might have used them in a combatant role, but that has not been our history over quite a number of years, and so I say we should make a division of our objects, and for our peace keeping operations we should have a force separate and apart from our armed forces.

If a Canadian peace keeping force under United Nations auspices is assigned to some country where there is trouble, I think that force should not be a regiment or a battalion

[Mr. Churchill.]

of the army, or ships from the navy, or aircraft from our air force, except transport craft. Here is where the minister could really achieve something worth while by setting up a special force which would have to be disciplined, trained, and administered for supply purposes from defence headquarters, with a special uniform, equipped only with protective weapons such as rifle, revolver, armoured scout cars if in terrain where irregulars might attack them, and let that type of force operate for peace keeping purposes. Make it an elite force of specially selected and specially trained men.

I think the effect on the country in which that force would be operating would be better than if we assigned an organized military force to undertake that role. I do not think there would be objection from the country or countries concerned, if this type of force were available. It would convey no idea of aggression because it would not be armed for that purpose. It would contain no idea of aggression because it would not represent the navy, army and air force of this country, or would not represent a single unified force of this country.

I put this idea in front of the minister and say to him, "Consider setting up a force of that nature with a strength of, say, 3,000"—at present we have 1,800 people engaged in these foreign operations under the United Nations—"and maintain the navy, the army and the air force for the defence of Canada, for our operations with NATO and for our military alliance with the United States." If the United Nations gets involved in a struggle in which forces have to take an active part, only then would I dispatch Canadian forces from our armed forces.

The minister and Canada as a whole can have both forces. We can continue our peace keeping operations under the United Nations, because I think that is essential, and we can have the army, navy and air force to fulfil their important role with regard to the defence of Canada and to meet Canada's obligations under her military commitments with other countries, We can have it both ways and everybody will be satisfied. We do not need to have a single unified force in order to carry out United Nations operations. We could have a separate force for that.

I was unable, Mr. Speaker, to think of a suitably spectacular name for such a force, but some of the bright people in the Department of National Defence or in the

Department of External Affairs, which considers itself somewhat superior, might come up with a suitable name for that special force. If such a force were set aside then you would not have to draw on Canadian battalions and reduce their strength for other purposes; you would not have to draw on fighter aircraft and fighter pilots from the air force. You would have people whose definite role for a period of time would be a United Nations peace keeping role, something like a constabulary. I do not like that term because I think it is a little out-dated. Neither would I like to call it a police force —I don't like the word police. But we could call it something else. We could call it the Canadian Peace Keeping Force, which gives four initials. I present this suggestion to the minister with my compliments and I think he should do something about it.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but I must advise him that the time allotted to him has expired.

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, I wish to enter this debate on the unification bill, first because of a life-long interest in the military, and more especially the army, an interest which goes back many years to a high school cadet corps, and second, because in my constituency there is situated what is considered to be one of the finest military establishments not only in this country but in the entire world. I refer of course to Camp Gagetown, which is now part of the new mobile command.

The third reason I enter this debate is, the same for me as for all other Canadians, that we believe our way of life is the right way, and we are prepared if necessary to fight in its defence should the need again arise, even to the extent of engaging in a full scale war. But, Mr. Speaker, if I may interject a personal note, having served in world war II as a front-line soldier I pray that never again will we have another world war, because man now possesses the nuclear capability of destroying our civilization as we know it.

Before criticizing this legislation and asking the minister some questions, I would like to thank both him and the associate minister for the many courtesies they have extended to me on the problems that I have taken to them over the past months, as a matter of fact, over the past three years. Since the bulk of the matters that I have raised have dealt with personnel, with the problems of serving soldiers and their dependants, my correspondence for the most part has been with the associate minister and I would like to take this opportunity to thank him especially for his assistance. My letters have always been answered promptly and, where possible, the answer that I sought for my constituent was a favourable one. I realize that you cannot win them all, but I feel that the minister has been very helpful. I am very grateful for that assistance.

• (8:40 p.m.)

I should like to comment on a decision made this past week wherein the minister announced that henceforth pipers are to be classed as musicians. The minister may recall that some few months or so ago I wrote to him on two or three occasions in this connection. I love the pipes, as I think most persons of Scottish ancestry do. The pipes and drums of the Royal Highlanders of Canada, the Black Watch regiment which is now stationed in Camp Gagetown, have become known all over North America and even beyond. Only recently they were on one of the great national television shows of the United States. To classify these pipers as musicians is the only right and fair thing to do. I am surprised that this was not always the case.

There are many matters which I should like to raise dealing with specific cases of men in the services, but I decided I would wait until the minister's estimates are before us. They concern such matters as elected representation in the town of Oromocto. I have some suggestions for the minister in this regard which I think he would welcome. I also have some constructive suggestions, I believe, about the soldier vote, about pension service of veterans serving in the regular forces and other matters of that nature. Even though on second reading the debate can be rather free-wheeling, these matters I believe can wait until another time.

There is, however, one matter which I think is within the purview of this debate. I should like to commend the government about this too; that is, the re-engagement bonus which was instituted some time ago. This was a very important issue in my area where we have a very large concentration of troops. In the election campaign which was held in the fall of 1965 I stressed that I was very much in favour of this. I raised the matter with the ministry and I am very pleased to see that this was done. I am sure it is a measure

which made those troops who were able to benefit from it very happy indeed.

Now, Mr. Speaker, having said those more pleasant things, I should like to discuss unification and integration. There are a few criticisms I should like to make and I hope that they will be considered as constructive. I feel that is the only type of criticism which is of any value. Otherwise we would be wasting our time. I should like to raise the matter of the militia of this country. The militia has been affected greatly by this matter of unification. Unfortunately it seems to have been very much downgraded. A few years ago the role of the militia was changed, and it was given a more active role in the whole vital field of civil defence. I have had considerable correspondence from serving officers in militia units, especially in eastern Canada. Those letters indicate that the officers and senior N.C.O.'s especially are very unhappy. Now, what is the trouble? I suppose most of the troubles are those which the Minister of National Defence has heard many times before. There is the lack of proper equipment to do a job, and specifically the lack of vehicles.

When you have a militia unit which is spread over a distance of several hundred miles with four, five or six companies—infantry regiments normally have six companies—the only way in which stores and personnel can be moved is with road transport. With many units, the vehicles are old and not functioning properly. When a vehicle breaks down, that is the end of it; they do not get a replacement. I believe the militia still has a very definite role to play in this nation. Some of us, from our experience, know that in 1939 and 1940 the Canadian army had a firm springboard from which to launch itself. Thousands of excellent officers and N.C.O.'s —many now in this house—went right from the non-permanent active militia to the Canadian army, navy and air force.

Another complaint is that adequate training time is not allotted to these units. I have been led to believe there is some discrimination against the maritime units in the matter of training time as opposed to units in other parts of Canada. It disturbs me to think that this might be so. I would appreciate it if the minister would look into this matter. Recently a very distinguished former minister of national defence, the hon. member for Calgary North (Mr. Harkness), wrote about this matter. I should like to quote him because I think what he has to say is sound. He speaks from broad experience as a militia officer and as commander of an artillery regiment in world war II, and he also speaks from his experience as a former minister of national defence:

> The direct defence of Canada also requires strong militia or reserve forces and it is only by the maintenance of such forces that numbers of trained men in organized units can be provided. A strong militia is also essential to carry on the survival operations, which would be the most important immediate task of our armed forces in the event of a nuclear attack. In addition, reserves are necessary to provide some of the personnel likely to be required for United Nations operations. The Korean war was an example, and to provide the numbers required for rapid expansion of our regular forces in any emergency.

I do not agree with what the government is doing in respect of unification of our Canadian armed forces. I am deeply disturbed to see so many senior officers leaving the service prematurely—not only senior officers, but others not so senior who I believe should have been retained until the end of their service. As I understand it, in many cases what they were suggesting was that we should proceed more slowly with what was being attempted. In other cases, of course, there was outright opposition to this whole program of unification. Like all members of parliament I have received the material which has been prepared by the Tri-Services Identities Organization—TRIO—as it is usually called. Recently, among the material which we received, there was a copy of an open letter to the Prime Minister of Canada. In this letter the gentlemen who formed this group—which is non-political—have outlined their position. They say, and I agree with them, that they are left with grave doubts concerning what is going on. They say there are a number of questions which are fundamental but which are unanswered. The TRIO group sets these out very well. I should like to place these on the record.

First, what is to be the future role of Canada's defence forces in terms of specific military tasks? Second, is Canada to rely for its defence in the future on alliances such as NATO and NORAD, and if it is, what type of military contribution is Canada expected to make to these alliances? Third, how is a requirement for mobilization to meet an emergency and up to a tenfold expansion in the numerical strength of Canada's forces provided for in this unified force which is envisaged? Fourth, what are the specific advantages in a single military service that are not attainable under an integrated three service system? This brings up the point, that many of us see considerable value in having some integration, but we cannot see the value of

unification. Fifth, what are the criteria for militarily effective forces? Could these be met to the same degreee in a single force as in a three service system. Finally, would a single military force be capable of operating effectively with the military forces of our allies, remembering always that none of our allies at this time have a single military force?

• (8:50 p.m.)

I believe that the Minister of National Defence owes it not only to TRIO, who have pointed out so well the questions that are troubling them, but also to the people of Canada to tell them much more explicitly than heretofore just exactly what are the advantages and disadvantages, what are the pros and cons of this whole matter of the unification of our forces.

It has been suggested, especially by the Prime Minister (Mr. Pearson) that a United Nations police force would be one of the most effective ways of maintaining peace in this world. I recently read a very interesting article by Major General Carl Von Horn, who indicated in the article that he was deeply critical of the United Nations peace keeping missions. General Von Horn, who is a Swedish officer, took over from Canada's General Burns as chief of the staff of the UN truce supervisory organization in Palestine in 1958. He went on to command the United Nations forces in the Congo and later in Yemen. He writes that the troops he commanded were excellent, that their morale was high, despite humiliations, but that the United Nations civilian administrators "were so petty they made the soldiers feel like second class citizens".

This is a very damning indictment against the United Nations. I read his remarks with a great deal of interest because I spent some time at the United Nations a few years ago at a very interesting session. I had the opportunity there to watch the direction that the United Nations was taking, and how rapidly it was changing with the advent of the many small African nations. Not only does General Von Horn say that United Nations peace keeping efforts have been a complete mess, but he makes the charge in his memoirs that corruption is rife among United Nations officials on peace keeping missions. These are very serious charges. I believe that in this world, with two great power blocs, the U.S.S.R. and the United States, the really serious arguments will have to be settled by direct negotiation between the United States and the U.S.S.R.

I should like to put on record the opinion of two of Canada's most distinguished generals, which I do not think have been put on record in this debate before. I refer to General G. G. Simonds and General Vokes.

They had this to say:

> The aim of military policy in peace time must be to prepare for the worst eventuality, which would be the outbreak of a major war in which we would become involved. No matter how remote this eventuality may seem, employment of our standing military forces on peace enforcement tasks is a contingency which is secondary to the above aim. To prepare for war is not militarism. It merely faces up to the cold, hard facts which will govern our future existence as a sovereign power.

Generals Simonds and Vokes say that our military structure in peacetime must be so organized that it can pass rapidly and efficiently to a war footing. Therefore it must be measured by this: Is it capable of assuming the burden which will be placed on it in the event of the requirement to mobilize our military force to maximum national capacity? If it does not measure up to this, then it is of doubtful value. This preparation for war does not demand a large standing military force in peacetime, but it does require the maintenance of professional and military know-how by maintaining the trained nucleus to provide the framework for a planned and tidy mobilization.

Fortunately since world war II and because of our military commitments through membership in NATO and the UN, Canada maintained standing military forces today that are many times greater than at any other peacetime period in our history. Because of this the military expertise which began to flower in the Canadian Armed Forces in world war II has remained in bloom. Thus the regular Canadian sailors, soldiers and airmen are highly skilled, professional military men. Those who have risen to senior rank by education and experience are military experts of a high order, and their advice on matters pertaining to the military service should never be disregarded. It would appear that in far too many cases this has been so.

It is very easy for the government to impose its will on senior service officers by retiring them out of hand if they disagree with the policy which, because of their training and experience, they know to be dangerous to the future military welfare of their country.

I am disturbed, and I am sure many Canadians have been deeply disturbed, by the premature retirement of so many of Canada's ablest soldiers, sailors and airmen. I am disturbed by what is happening to our armed forces. I am disturbed by what is happening to the great traditions of the Royal Canadian Navy, the Canadian Army, and the Royal Canadian Air Force. I can see that some integration might be a good thing. Certainly, there is some integration in the forces now, and we accept it, and think it should be given a fair show. However, unification of all our forces is another matter.

In the past we have had in Canada, in peace and in war, some of the finest sailors, soldiers, and airmen in the world. I can see no value in putting our armed forces in uniforms of one single colour. There is no question of course that we want efficiency and economy in the administration of our armed forces. We realize only too well that defence costs a great deal.

I would urge the Minister of National Defence, with all the power at my command, to stop and take another look at what he is doing. Because, if this great experiment on which he is embarked should prove to be the wrong one, irreparable damage will be done to our armed forces and to our whole defence system, which could require decades to correct.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, when I took part in this debate at the resolution stage I appealed to the minister to refer this important matter of national defence to the standing committee. He did not pay heed to that appeal, and I thought that, having advanced to the second reading stage, the appeal had been lost. I had not intended to take part in this debate during second reading, but wish to do so now because of two things which occurred today. First, the minister in reply to a question posed by the hon. member for Winnipeg South Centre (Mr. Churchill) indicated that the present discussion was taking place on what he called a primitive level of knowledge.

• (9:00 p.m.)

He did not specify the names of those who were participating on that level of military intelligence, but I think it is a significant commentary on the lack of clearcut and specific information that has been forthcoming from the minister and his advisers during the course of the discussion which now has spread over more than a two-year period.

Debate is supposed to broaden knowledge; it is supposed to clarify issues and assist in determining policy. If at this stage of the discussion, having advanced to the second reading of the bill now before us, which will be discussed in detail in due course, the minister still refers to the contributions of members of the opposition and others taking part in the debate as being on a primitive level, I am sure he is partly, if not entirely, responsible.

I have read very carefully the statement made on December 7 last with a view to broadening my knowledge of the fundamental purposes and policies of the minister. I wanted to avoid being classified among those hon. members who possess a primitive knowledge of these matters. But for the life of me I cannot discover in that speech a specific policy, particularly a policy which might lead to the conclusion that unification, as the minister keeps insisting over and over again, will establish greater economies in Canada's armed forces and produce an organizational set-up which might be described as more efficient than that which would exist under a program of integration. I say right at the outset that I am all for integration and have always been in favour if integration, as is everyone who has concerned himself with military matters, in the wake of the tremendous technological changes that have taken place in the past two decades. But it is this word unification that is confounding even the pundits.

Just to demonstrate that point, the minister's speech on December 7, listed under very nice headings, is a lovely essay in the organization of prose. It is full of words and phrases, a few of which I should like to quote as illustrations to indicate the dilemma that faces an ordinary member of parliament in trying to interpret the mysteries of this wonderful program of unification. Here is what Mr. George Bain said when commenting on the problem that he faced in interpreting the gobbledegook prose in which the speech was phrased:

> Everybody who knows anything about defence knows that an ample supply of logistical hardware is one of the prime needs of the day. Obviously, if logistical hardware is to be of any use at all, it must be systematized.
>
> So there you are: "It seems to me, if I may say so, that the defense department in its current posture is not giving enough attention to systematized logistical hardware." After that, you can say anything; you are a certified expert.
>
> Functional management capability. Is anyone against functional management capability in our defence department—communists excepted, of course? Balanced digital options. It may not mean much, but, by George, it has a ring to it, hasn't it?

If I may digress for a moment to the minister's speech, it had a fine oratorical ring to it. It contains that wonderful phraseology that is today peculiar to the pursuits of the men in grey flannel suits. Returning to the article by George Bain, he said:

> Now, get in there and blind them with footwork. It's astonishing all the information you get in this newspaper for a lousy dime.

I would paraphrase and say it is wonderful, all the information you get in *Hansard*, and I think it costs only a nickel. There is even more information in *Hansard,* and it costs only five cents. This applies particularly to *Hansard* for last December 7.

An hon. Member: It is $3 a year.

Mr. Dinsdale: I do not intend to make this a commercial on behalf of *Hansard* but it is, as the hon. member suggests, $3 a year. I am sure that is a good investment.

Mr. Knowles: It is $3 a session, which may be two years.

Mr. Hellyer: Buy now, read later.

Mr. Dinsdale: It is because of the aura of confusion that has surrounded the subject of service reorganization, as a result of statements, phraseology and public relations gobbledygook, that I am entering the debate at this stage. I think only by a close and detailed analysis of the problem, and this can only be carried out in a parliamentary committee, will we sort out fact from fiction. Certainly it is only by that face to face confrontation that becomes possible between members of parliament and the experts in the Department of National Defence, particularly those experts who have been fired because they disagreed with the so-called policy enunciated in the minister's speech, that we can sort out fact from fiction.

Sooner or later we will have to come to grips with the matter in the defence committee. The tragedy is that we are proceeding, to quote the minister again, on the primitive level of knowledge at this important second reading stage. We could have had the opportunity to listen to well qualified critics, such as General Foulkes, to enlighten us as to why he now disagrees with the trend that the government's integration policy has taken.

The contribution of the hon. member for Lincoln (Mr. McNulty) is another reason for my wanting to take a few minutes of the time of the house this evening to try to clarify some of the confusion. A good deal of the hon. member's speech this afternoon was taken up in reading a quotation of General Foulkes, the former Chief of Defence Staff, from an article written in 1961 which was highly in favour of integration. I am sure that most members of the Department of National Defence were in favour of integration, because it had been proceeding at a steady and logical pace for a number of years under several ministers. As the Minister of National Defence pointed out in the preamble to his speech of last December, integration is not a new concept and has been proceeding at a reasonable and logical pace over a number of years.

• (9:10 p.m.)

I asked the hon. member for Lincoln whether he had read the sentiments of General Foulkes as expressed in three articles which appeared last year in the Ottawa *Journal* and in other newspapers across the country. This was five years after 1961. I will take this opportunity to read a short excerpt from General Foulkes' statement, which indicates why he is now disturbed by the current trend of government policy. This was the first in a series of articles and I will start by reading the opening paragraph. It reads as follows:

> I know all the senior officers who have been involved in this controversy with defence minister Hellyer over integration. Most of them have served with me in peace and war and I have had an opportunity to evaluate their ability, knowledge and character. I have a high regard for their professional skill, loyalty and esprit de corps and their devotion to the Canadian defence effort is above reproach.
>
> I am sure that if these senior officers had not believed fully in the concept of integration, they would have not have accepted their appointments on the armed forces headquarters staff, knowing full well that their task was to implement the integration scheme.
>
> The only logical conclusion that can be reached on the recent mass retirements is that there is a profound disagreement on the method and pace of implementing this novel and complicated military reorganization.

I think this points up the problem which confronts parliament. Suddenly integration has turned into unification. Anyone who disagrees with the sudden transformation is fired. The minister, in his white paper of 1964 indicated that unification was the ultimate objective. The statement was in the final phrase of that paragraph and was almost an afterthought. This is the impression which I got from the minister's speech, that he suddenly dreamed up the concept of unification, and unification, whatever it means, had a good ring to it. It seems to me that now he is

improvising a policy to fit that vague word. This is a trial-and-error proposition. This is what disturbed General Foulkes, and what has disturbed most of the senior officers who were heartily in favour of integration but who have retired prematurely or were fired by the minister because they did not agree with this vague, and ill-defined concept of unification. Judging from their comments it would seem to me that the fact which concerned them most was the thought that we were proceeding at such a hectic pace to achieve the propaganda goal of unification without policy guide lines that we were placing our present defence structure in jeopardy, so far as the maintenance of the basic responsibilities of a defence force of any country is concerned, and that is the security of our nation.

Unfortunately the senior officers who are now advising the minister are ardent exponents of unification, and have been active promoting it in defence establishments across the country and in making public statements in support of this vague concept. I suggest that ultimately those who have the good fortune to be serving on the defence committee will have a chance to come face to face with the experts on both sides of the question. It is tragic that we have arrived at a stage of the debate at which the rapid process of unification is irreversible. The very propaganda activities of the upper echelons of the officer corps have so saturated the thinking of some of the members of the armed forces that the process has become irreversible, and the pace has been so fast that confusion, uncertainty and misunderstanding amounting to demoralization have become rampant in the armed forces.

As General Foulkes intimated in the introduction to his series of articles, the proposed unification has brought about the exodus of highly responsible and most experienced members of Canada's armed forces, as well as the premature exodus of a large number of service personnel.

I must say that I have tried to understand what the minister means by unification. As I have intimated, I can understand integration. Integration was designed to streamline the Canadian armed forces, to gear it to the demands of defence in the technological and military situation of today. However, unification is a change for the sake of change. This afternoon the hon. member for Swift Current (Mr. McIntosh) dealt with this in some detail. In carefully analysing the minister's speech he pointed out the contradictions it contains. At one point the minister said that there will be a single service and at another he said that the services in their respective environments will preserve their individual identities. No wonder we are confused on these matters and, no wonder many members of the armed forces have retired in confusion.

I question the minister's claim that unification will produce greater economies and greater efficiency in the armed forces. No less a defence critic than Mr. John Gellner, writing in the *Globe and Mail* last November, expressed the same anxieties as we have expressed in the course of the debate.

The following is a quotation from his article:

> The defence debate over the past months has been conducted on a distressingly low level—lower, if anything, than the last one, in early 1963, which brought down the Diefenbaker government. Then, it was nuclear weapons; now it is service unification. But the point at issue is the same in both cases: What is the purpose, the mission, of the Canadian armed forces?
>
> Unfortunately, this fundamental question was not posed then, let alone answered. It is not being posed now. Four years ago, Canada had largely irrelevant discussions about such matters as the value, if any, of Bomarc missiles, with or without nuclear warheads.
>
> At present, Canada is having an equally irrelevant debate about the virtue of maintaining service traditions. Yet it should be clear that unless it is first determined what the Canadian armed forces are for, the problem of unification and whether it will help or hinder Canada's military effort, it cannot be tackled intelligently.

• (9:20 p.m.)

I have tried to determine what policy decisions might be behind the minister's breakneck pace toward the mystical goal of unification. The only conclusion to which I have come, and others have come to the same conclusion, is that there is a fundamental policy change to convert the Canadian armed forces to an international police force. This, as I read the white paper, was the lowest priority back in 1964. Unification, it seems to me, is reversing the priorities and placing this peace keeping role into a position of priority ahead of the basic function of defence forces, that is the security of the nation, and ahead of the other priorities of commitments to the alliances and the military responsibilities that are ours.

I know the Prime Minister has long had in mind the goal of the peace keeping role. This goes back I believe to about 1956, at the time of the Suez crisis when the United Nations first put a peace keeping force on the Gaza

strip to separate Israel and Egypt. Of course, prior to that we had the Korean war, but that was hardly a peace keeping effort. It was a full blown war. If Canada's armed forces are converted exclusively to a police force function, it means that we lose our influence as contributors to peace keeping forces; we lose our influence as a middle power. This influence has been built up over a number of years during the course of Canada's history, largely because of the nature of the contributions Canada's armed forces have made in world conflicts in this generation. We had no political objectives; we had no desire for military aggrandisement or political aggrandisement. Our sole objective in participating in the world wars of this century has been the preservation of our free way of life.

Our contributions have been made at tremendous cost of Canadian lives, Canadian manpower and Canadian resources. This contribution was made without any ulterior motive whatever. It was on this basis that we have been able to serve in the United Nations councils as a middle power, accepted by both sides in the power struggle that has gone on in the world since the end of world war II. In addition, we are going to lose our moral influence. While this is intangible, I would submit that it has been the source of Canada's strength in the United Nations and in other military and international organizations. The moral factor of Canada's willingness to serve without any nationalistic desires or objectives of her own has been important.

Once we convert our armed force to a glorified police force, we have to depend on somebody for our security. It is not good enough, Mr. Speaker, to say we cannot defend ourselves in any case in the face of the threat of nuclear weapons and a global conflict. This gainsays the main issue, the issue that is the number one priority, and that is the security and defence of our own shores. This is the fundamental function of our armed forces. If we reduce our armed force to a police force, then we automatically surrender a substantial part of our sovereignty and we come under the military aegis of our powerful neighbour to the south.

If we are under the aegis of the United States in any shape or form, if we surrender our military sovereignty, it would be just as disastrous as surrendering our economic sovereignty, a subject which is racking the government at the present time. It seems to me there is an inconsistency in policy in this respect. This denotes a general confusion at the level of government policy which has produced so much uncertainty across the nation.

In so far as our major obligations to NATO are concerned, and no doubt the minister will be discussing this in the defence committee, I fail to see how a unified force, particularly a single service force as it is conceived by the minister, will fit into the structure of our obligations under the NATO organization. Perhaps the minister can see it, but the rest of us cannot see it. We are proceeding at this reckless, breakneck speed even before NATO has determined the force requirements that will be necessary in the future. As I understand it, the minister, in reports following NATO meetings, has not yet been informed that there have been any decisions concerning what the NATO forces requirements will be. In spite of this, we are proceeding with this radical, structural reorganization, in the direction of the single force which obviously will make it impossible for us to continue to meet our obligations under the NATO treaty.

I should like to move on to another subject with which the minister has concerned himself recently, other than service unification. He has been making statements on urban policy, and his philosophy in meeting the problems of urbanization is the reverse of his philosophy in meeting the problems of defence organization in the face of a rapidly changing society, technological revolution and so forth. The minister favours decentralization and dispersal. He is afraid that centralization, the trend toward bigness, the trend toward monolithic unity, which is the natural trend in the sort of world in which we live, is contrary to the best interests of a rationally organized urban community and will foster problems of social confusion and social disorganization.

• (9:30 p.m.)

I agree with the minister in his concept of meeting the obvious problems of urbanization in the urban communities across Canada, and I would ask him to apply the same philosophy to the concept of armed forces organization, where he insists you must have solidarity always. Certainly firing anyone who disagrees with unification, or monolithic unity, is not the way to get a rational and intelligent defence force.

With regard to the three services in the armed forces, I am not so much concerned about the uniform problem or the rank problem. Regardless of how loudly the minister declaims that this concept will become the model for armed forces around the world and

will produce astronomical economies and fantastic efficiency, and regardless of how this concept is put in the language of public relations, I contend that if we remove the elements of criticism, of healthy discussion and differentiation within the armed forces, our armed forces are going to lose a great deal of their effectiveness.

Indeed, Mr. Speaker, I think that anyone who looks at the matter conscientiously and sincerely today will agree that as a result of the overwhelming desire of the minister to proceed to this mystical goal our defence forces are placed in serious jeopardy at this moment. I have talked to many military people; I receive communications from military people; I visit defence installations across the country, and I find that there is a serious lowering of morale. There is a loss of esprit de corps. The pace of change has proceeded so rapidly there is confusion in the military centres across Canada.

I give one illustration of this. There is a joint air training centre at Rivers, Manitoba. Actually this is the only unified or integrated base of the armed forces at the moment, I would think and has been for a number of years. At Rivers there is co-operation among the three services who are living happily under the same roof. They have been proceeding toward the common goal of greater integration. Yet at this station there is grave uncertainty. There is the feeling that it is one station which will be seriously disorganized if not eliminated as we proceed toward the goal which is away beyond what was ever conceived by integration, that of unification. It seems to be a strange paradox, an illogical situation, Mr. Speaker, that the one station dedicated to the concept of integration and which has actually carried forward its training program on this basis should find itself in this demoralized condition. I am sure similar situations could be found in other military installations across the country.

I close with this, Mr. Speaker. The fundamental purpose and responsibility of the armed forces of Canada, or the Canadian defence forces, or whatever you wish to call them—a rose by any other name would smell as sweet; the language or terminology is not of any great importance—is the defence of the security of this nation at the present time. I would suggest, Mr. Speaker, that if we were at this time faced with a serious threat, because of the obvious confusion rampant in the armed forces we would not be able to meet our obligations. We depend on volunteers to man the Canadian armed forces, we are largely a citizens army.

Unification, Mr. Speaker, this streamlining which is contemplated by the program the minister has in mind, would turn our armed forces into a body of highly trained mercenaries, devoid of the esprit de corps that comes from traditions, loyalty to the nation, loyalty to the cause of freedom, objectives that have made it possible for the Canadian serviceman in the great wars of this century to establish such an enviable reputation.

I do not think I am exaggerating in this respect. It seems to me that the wholesale exodus of our Canadian military officer élite, their public criticisms of the minister's proposal, and the reversal of General Foulkes' opinion from his statement in 1961 to his statement last fall, bears out this fact.

I am also sure, Mr. Speaker, that as the defence committee comes to grips with the details of the proposals outlined in the bill now before us, this is the conclusion that will be reached. The tragedy is that it might be too late for the safety of the nation. It is for this reason that I decided to speak at this stage of the debate and to appeal once again for a face to face confrontation with the men who have placed their careers and their reputations on the line by opposing this program of unification.

The bill will eventually arrive in the committee; the sooner the better. I trust that as the debate proceeds the minister might even now be persuaded to give the members of the house the opportunity of taking this close look in committee, which is the only way we will ever sort out fact from fiction.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, members in the house have been indicating different reasons for their participation in this second reading debate today. I could enumerate several reasons for my participation but mainly I take part in the debate because I disagree entirely with the idea that unification will bring about the desired objective of the minister. I could also state that I disapprove of his dishonest approach in this whole matter.

Mr. Prud'homme: Come on.

Mr. MacInnis (Cape Breton South): I disapproved of his attitude last fall, with regard to the charges laid in this house, charges which were substantiated by the sworn testimony of Admiral Landymore. The minister referred to the member who brought these

charges as lacking the guts to make the proper charge. Everyone in the house realizes that the proper charge was made, and if there was any lack of guts we know where it was.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): I cannot identify the hon. member sitting across the way, but if I could I would put him in his place.

Mr. Prud'homme: I am not sitting in my place.

Mr. MacInnis (Cape Breton South): You are sitting in a seat and yak-yak-yaking. You do not participate in the debate as you should.

Mr. Prud'homme: I shall soon.

Mr. MacInnis (Cape Breton South): Then I look forward to listening to you and I will surrender the floor the minute you have the guts to get up.

Mr. Speaker: Order, please. I would ask the hon. member to continue his speech.

Mr. MacInnis (Cape Breton South): I have trouble making up my mind whether to follow your instruction or listen to the yacking over on the other side of the house. I would think it was the duty of the Chair to put him in his place, should he seek to continue as he is doing.

Mr. Speaker: I thank the hon. member for his guidance, which I will try to take into account. However, the hon. member has spoken for a minute or two, and if he will read *Hansard* he will find that nothing he has said up to now has much to do with the debate upon which the house is engaged, and I would invite him to limit his comments to the bill now before us.

Mr. MacInnis (Cape Breton South): All I can say to that is that I accept Your Honour's ruling.

With respect to the approach taken by the minister in this matter, I would refer to his attitude last fall and the charges which were then made in this house, as well as to the fact that there is an affidavit to the effect that evidence before the committee was altered. I have yet to see any sign of an affidavit from the minister that this was not the case. He will shake his head, but I should like to see it put down in the form of a note as was done when it was claimed an alteration had been made.

Turning again to the events of last fall, the minister had this to say as reported at page 9647 of *Hansard* for November 7:

> A number of points have been raised during the debate and I should like to take this opportunity to deal with some of them. The first major point that seems to keep recurring in many of the speeches which have been made by hon. gentlemen opposite is in respect of lack of information regarding the unification and progress of integration of the armed forces.

He went on to refer to an example brought up by the hon. member for Calgary North (Mr. Harkness) and then he continued:

> In reply to the hon. member for Calgary North and other members of the opposition who have raised this point, I must reiterate that never before in Canadian history have this house, its committees and the public been given so much information on our force structure, our present and future policies and the capabilities of our forces.

• (9:40 p.m.)

That was quite a mouthful for the minister to utter when one considers that it is precisely this lack of information about which the public is continually complaining. If the minister does not care to believe me, I suggest he go to the files of the Prime Minister and read some of the letters which have been received in that office, copies of which have been sent to other hon. members. He will find there letters from the Air Force Officers Association, the Tri-Service Identity Organization, the Naval Officers Association—all groups which are interested and active in the affairs of the Canadian Armed Forces.

It is obvious that the minister's approach to this question is altogether wrong. We are developing in Canada something which belongs under a dictatorship. What is democratic about the idea of having among us a propaganda team or a propaganda force as was indicated this morning in the house by the minister's acceptance of that charge? He can look at *Hansard* tomorrow and read his answer about the propaganda team. They are still operating up there. I will say to them: Don't let me catch you passing a note or you will not be there too long. The minister indicated this afternoon in answer to the hon. member for Winnipeg South Centre (Mr. Churchill) that he does, indeed, have a propaganda team at work, and that he accepts the statement made to that effect.

What is propaganda? It is the spreading of lies for the minister's own advantage or, I was about to say, for the advantage of the government. But that would hardly be fair. The government is not in attendance. I have yet to hear any member of the government get up and defend the minister's position with regard to unification. Look around. Who is here in support of the minister? Nobody. The minister is trying to put this legislation

through the house without the support of a single colleague. Of course it is not hard to understand why they cannot get together. The minister has had some support from the Liberal side of the house. Again I refer to last fall when a speech was made by the hon. member for Verdun (Mr. Mackasey) who sought to quote various authorities in support of the minister's position. His approach to this theme was dishonest because he did not quote what those authorities had actually been saying. The hon. member shakes his head. I suggest he read over that speech and compare it with the following statement by General Foulkes, who has often been mentioned this evening. I quote this statement by General Foulkes:

> The only other record of wholesale changes in the military occurred in the Hitler regime. He dismissed every general who dared to tell him what he should know and not what he liked to hear.

Check that statement against what the hon. member for Verdun said last fall. It will soon be found that the hon. member was misquoting the general in his efforts to defend the minister's policy.

I should probably refer to the minister's attitude once again because I believe it should be emphasized over and over again. In any other country he would be in jail.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): You laugh? Last fall the same minister denied what I put on record here, indicating that in any other country in the free world he would be in jail. He shook his head at that time and made a denial; but I produced for him his own words which told him what parliamentary language does not permit me to call him.

He knows he put that on record. He knows what he did. He knows that in any other country in this world he would either be in jail or something a lot more drastic would have happened to him. Yet this is the man who is today trying to push unification down the throats of the Canadian people. This is the man who has brought about the retirement of so many people from the services—people who were of great value to this country. Those who remain in the services for their own reasons cannot, or will not make their views known on the question of unification. Those who have spoken out have made their statements after voluntarily retiring from the services, and there are many of these, very capable men, who have taken exception to the course the minister is pursuing.

Where does the minister get his advice? Evidence has come to me very recently that he has rejected the advice of officers on his staff, his own boys. What about his propaganda team? What are they doing to the Canadian people? To whom are they directing their propaganda? They continue to harp the same tune—that the old soaks and the veterans do not matter, anyway. But I can tell the minister that if a national emergency arose he would find himself obliged to call on a lot of people who are today in disagreement with him. Today he says their opinions do not matter. They are primitive, to use an expression the minister used this morning. The fact remains that when some of the senior officers were retired they were younger than the minister himself. Does he believe their views are primitive?

Where does the minister get his experience? I am sure he did not gain much experience riding that motorcycle around during the war. Yet this is about all he has behind him to call upon. Where does he get his advice, and when does he decide not to take that advice, as I have indicated was the case very recently when Canadian staff officers put forward their views?

• (9:50 p.m.)

The minister has said that certain information is not available. All he needs do is go to his files or to the Prime Minister's files. Many letters and briefs were addressed to the Prime Minister, so possibly he should look in the Prime Minister's files.

I would like to see the Prime Minister come into this house and tell us where he stands on unification. Is the Prime Minister, as in so many other matters, letting the ministers run wild and make their own decisions? I recall a statement made recently by the Secretary of State (Miss LaMarsh) referring to the return to the cabinet of the new Minister without Portfolio (Mr. Gordon), the former minister of finance. She referred to him as the glue that kept them together. Someone else said that that was another way of saying they were stuck with Gordon.

But returning to the minister's propaganda team, they are aiming their propaganda at the large segment of the population under 30 years of age. They do not care about the opinions of former servicemen and present serving officers and men. I never heard of a propaganda team in a democracy previously, but thanks to this minister and his dictatorial

attitude we now have certain things that were brought about by dictators in the past. Again I refer to the recent statement made by General Foulkes who said of one dictator that he dismissed every general who told him what he should know, and not what he would have liked to hear.

I suggest that the minister should look at what his propaganda team is doing. Its members are probably very expert. They are probably feeding him propaganda, but the Canadian public are not swallowing the unification idea, certainly not those people most concerned with it.

As recommended reading for the minister I would refer him to editorials printed in the Winnipeg *Free Press* in August last year, and in particular to one headed "Two Serious Errors," which reads in part as follows:

> The two serious errors in defence minister Hellyer's otherwise constructive program for integration of the three armed services concern the two extremities of the military establishment, namely the command structure at the very top, and the lower levels of the regimental family, the ship's company and equivalent units. The grave weakness in these two areas has already been illustrated through the recent retirements of a number of senior generals, admirals and air marshals. If not soon corrected, these two faults could destroy the effectiveness of our defence establishments.
>
> The initial fault in Canada's command structure commenced with the army back in 1950 when, despite all the clear lessons of history, we created a virtual commander-in-chief. In the more recent re-organization of a unified defence council and a chief of the defence staff, Mr. Hellyer has not only perpetuated this faulty principle, he has enlarged the error by making it applicable to the combined services.
>
> We now have in fact, if not in name, a captain-general of the forces, a post which became obsolete in Queen Anne's reign.
>
> In essence, the chief of Canada's defence staff is now the adviser to the government on all defence matters. Mr. Hellyer argues that we do have a defence council. But members of this council do not vote or speak with a voice equal to that of the chief of the defence staff nor do they have the right of direct access to the government.
>
> History has demonstrated times without number the fallacy of this arrangement. It is much like the relationship between a patient and his doctor—the professional. When the patient refuses to accept the doctor's professional advice the doctor must either abandon the case or be fired. In history, where the commander-in-chief principle has been attempted, either the minister representing the government or the commander-in-chief has dominated. One or the other, or sometimes both, must be destroyed or become mere ciphers.
>
> Invariably a commander-in-chief tends to gather around him his friends and like-thinking "yes" men, who have no authority to question his decisions, their future appointments and promotions being dependent on his favour.

That is as far as I wish to quote that editorial, but once again I would direct the minister's attention to the last paragraph which I read. I know the minister is not required to listen in the house but I hope he will take into consideration the arguments that are put forward. I see now that the hon. member for Antigonish-Guysborough (Mr. Stewart) is leaving the house. I would ask him to get up and express his opinions with respect to this unification bill. As in other matters he has spoken outside the house but he never seems to be able to get up and put his ideas across in the house.

The propaganda team which has been referred to, and which has been acknowledged by the Minister of National Defence, is possibly a follow-up to the truth squad, something that was originated by the Secretary of State, but very soon dropped. I trust the propaganda team will come to the same fate as the truth squad, for no other reason than that the personal pride of its members should lead them to leave the staff of a minister who acknowledges that they are nothing more or less than a propaganda team. If this is the type of work they are performing, then I repeat that their personal pride will call upon them to quit, once the minister indicates that they are nothing more or less than a propaganda squad. I do not know, Mr. Speaker, whether this is getting across or not, but I trust it will be brought to their attention when they arrive in the house tomorrow.

The minister has often stated that unification will result in economic savings. He has often mentioned the 1964 white paper. I defy him and anybody else on that side of the house to point out where the 1964 white paper indicates anything in the way of savings for the Canadian taxpayer. There is absolutely nothing in it to indicate a saving to the taxpayer in respect of defence matters.

May I call it ten o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

Proceedings on Adjournment Motion

• (10:00 p.m.)

[*Translation*]

TRANSPORT—MONTREAL—USE OF FRENCH IN RAILWAY SERVICE

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, on January 17 last, I put the following question to the Minister of Transport (Mr. Pickersgill):

> Since the Canadian National Railways are not governed by any specific regulation with respect to bilingualism, and in view of the fact that several regrettable incidents have occurred lately on Canadian Pacific Railways in the Montreal area, would the hon. minister advise the railway companies—including the C.P.R.—to finally recognize the bilingual character of Canada in our centennial year, and to set down effective regulations in this regard for the benefit of passengers?

Mr. Speaker, it is a long acknowledged fact that the C.N.R. and the C.P.R. do not promote bilingualism within their organization and in the relations between their employees and the public throughout Canada, as well as in the province of Quebec.

Only recently some unfortunate incidents happened on C.P.R. trains. On the train between Rigaud and Montreal, the conductor refused to speak French to one Marc Brière and called upon a company constable to put that French Canadian off the train. On another train, the one from Pointe-Claire, a Mr. Gilles Gaboury was treated the same way for the same reason. A company agent also called him "dirty Frenchman".

Those are bitter insults after a hundred years of federative life in a country recognized, even abroad, as bilingual and bicultural.

When those two incidents were brought to the attention of responsible C.P.R. authorities, Mr. J. L. Harris said that the union threatens to hold study sessions if ticket collectors are not spared the humiliation of having to speak French.

As far as the president, Mr. Crump, is concerned, he is blissfully satisfied to state that no C.P.R. law requires an employee to speak French.

That is conscious, wilful and blameworthy indifference. I want to protest with the greatest energy against such bad faith, such a backward attitude by the railway companies. These companies, in many fields, come under the jurisdiction of the federal Board of Transport Commissioners and the federal Department of Transport.

[Mr. MacInnis (Cape Breton South).]

Millions of French Canadians pay taxes to support these companies directly or indirectly. That is why the federal Minister of Transport is in a position to recommend to the railway companies that they observe bilingualism and that they promote the study of the two official languages of Canada by granting a special bonus.

The minister could also suggest to the said companies that they adopt a regulation recognizing the two official languages and providing that their knowledge will represent a factor of qualification for the employees.

It is no use lighting bonfires, Mr. Speaker, to celebrate the Centennial if seven million French Canadians are still in danger of being roughed up and threatened for speaking their mother tongue, that is, one of the two official languages of the country.

I hope the minister will take action at the earliest possible moment.

Hon. John N. Turner (Member of the Administration): I am speaking tonight for the Minister of Transport (Mr. Pickersgill). I have listened with great interest to the plea of the hon. member for Sherbrooke (Mr. Allard).

I note that, two days ago, the Canadian Pacific Railways addressed a letter to Mr. Yvon Groulx, Montreal president of the Société Saint-Jean-Baptiste, outlining their policy with respect to bilingualism, and I am sure the hon. member has read this letter and that his interpretation is similar to mine. C.P.R. officials also released a statement alleging that they insisted on all their employees requesting tickets in both official languages, in the Montreal area as well as everywhere else in the province of Quebec.

The hon. member knows very well that we do not have the same direct jurisdiction over the C.P.R. that we have over the C.N.R., but I personally feel—and I believe I speak for hon. members on this side of the house—that if a company wishes to operate in an area of the country where there are English and French-speaking citizens, the company must deal in both official languages of the country.

There has already been extraordinary improvement at Air Canada, over the last few years, and I predict unhesitatingly that a similar situation will develop within the railway services.

[*English*]

NATIONAL PARKS—USE OF EXPROPRIATION TO HALT COURT CASES

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, my remarks tonight relate to a question I asked with reference to civil rights,

which elicited a reply from the Prime Minister, who waxed very eloquently in respect of civil rights not only of Canadian people but on an international scale.

My question arises from a problem we have had for many years in respect of the Banff National Park. A man by the name of Hugh L. Gourlay, who is only representative of perhaps hundreds of people in the parks, was operating a tourist business and had a 42 year lease with the right to renew it. He operates perhaps the only motel with tourist facilities in the lower Lake Louise area, outside of the Post Hotel. On April 12, 1965, in accordance with the terms and conditions of his lease he received a letter from the Minister of Indian Affairs and Northern Development (Mr. Laing) which said in part:

Dear Mr. Gourlay:

Thank you for your letter—

This was followed by the normal opening. The letter then stated:

I understand the director of the National Parks Branch has acknowledged your letter—

And this is the meat of the letter:

After a careful examination of your proposals, I would be prepared to permit expansion of your existing development as far as a new motel and a restaurant of sufficient size to serve registered guests are concerned. I would also be prepared to authorize year-round operation if the existing lease is surrendered and a new one for a term of 42 years with no provision for renewal is accepted.

Let me pause there to say that a new lease will be granted, but this gentleman must give up a 21 year period of renewal.

The minister goes on to say that a new lease would not permit a store and outlines the provisions for rent. That letter was written on April 12, 1965. When Mr. Gourlay submitted his plans to the department they were ignored. Last year he commenced an action in the Exchequer Court dated March 25, 1966, for damages resulting from the fact that the terms and the conditions of the lease were not carried out, and asking for other remedies which I have not time to outline.

What happened after he commenced that action? Without disrespect for the parliamentary secretary (Mr. Haidasz), because I am sure he is not aware of the situation and has no responsibility in this regard, as soon as the Department of Indian Affairs and Northern Development had notice of this action, it expropriated the whole property in order to avoid this right of action, in accordance with the terms and conditions of the lease and the law of Canada.

Having regard to civil rights, let me say that these people are so flagrantly bureaucratic nothing we can do will stop them. When we met in Banff we were presented with a brief such as we in the rural districts of the prairies would liken to an Eaton's catalogue. This was an obvious attempt to brainwash us. Instead of going out that night to attend a social engagement I read part of that brief. What I found was shocking to the deputy minister, because he had not been informed about it. In that brief it is stated, as the views of the Department of Justice, that:

On normal renewals of perpetual renewal leases, the department can probably be forced (legally) to issue renewal leases also containing the perpetual renewal clause—

It goes on to suggest that the term of the renewal lease cannot be reduced. That was based on the department's legal advice.

Let me draw an analogy. When they wanted four acres for the trans-Canada highway, which involved fee simple land, and when they could not make a deal they expropriated the whole 60 acres. I have a sworn copy of evidence taken on examination for discovery in the Exchequer Court action. This is the answer given by the witness. I said:

So that it was really, then, the result that as you were not able to negotiate for the highway that you did actually expropriate the other land?

That referred to the other 56 acres as well as the four involved. His answer was: "Yes".

We are talking about civil rights in this country. This man started an action. This is not one individual case, as Your Honour may have thought when I put the question. This question concerns hundreds of people in western Canada doing business for 1,700,000 tourists. As soon as they demand their rights through the courts, this minister and his department—with no disrespect to the parliamentary secretary—exercise bureaucracy by expropriation. If these are the civil rights in Canada which the Prime Minister (Mr. Pearson) talks about in such glowing terms, and which we hope to gain internationally, I think the time has come to ask this government—and I can be brief tonight—when they are going to stop usurping the civil rights of those doing business for visitors to the parks.

• (10:10 p.m.)

I was told four years ago—this situation has not developed only under this government; that is one thing I want to make clear—by an R.C.M.P. officer who is no longer near the parks, that in two nights in July and

August they turned out 100 families, which had to drive 100 miles to Calgary because there were not any hotel or motel facilities. Yet this government, with the legal right of a lease, use what they call the right of expropriation when a man starts an action. I do not know what the outcome of the legal matter will be, but I feel that when rights are being usurped like this I, as a member of parliament for that area, have a strong duty to ask the minister for an explanation.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, in the short time available to me I would like to state that, according to the information available to me, it would not appear that the Department of Indian Affairs and Northern Development is using the law of expropriation to halt cases brought to test my minister's policy on leases in the national parks.

The hon. member for Bow River (Mr. Woolliams) should realize that action brought by Mr. Gourlay is proceeding in the normal manner through legal channels. The fact that Mr. Gourlay's property has been expropriated does not, in itself, I believe, preclude Mr. Gourlay from carrying through his court action against the department. To be more succinct, expropriation does not prohibit Mr. Gourlay from continuing his case against the department. The department therefore is not interfering with this man's rights to press for court action to test leasehold policy.

To give a little background on this whole situation, I would like to say that according to my information the problem is basically that Mr. Gourlay several years ago applied to expand his present facilities to an extent that would have been in serious conflict with the huge visitors centre planned for Lake Louise. The department vetoed his plan on the practical basis of a serious conflict and on the legal basis of the national parks building regulations, as amended, which state:

> The superintendent may refuse to issue a permit where he is of the opinion that the proposed use of the building or structure is not in the interests of the park.

By early 1966 when the department had more clearly defined its land requirements for the visitors' service centre at Lake Louise, it became apparent that the lands immediately adjacent to the proposed complex, and these included not only the land Mr. Gourlay occupied but other lands as well, were in fact necessary for the successful completion and operation of the large visitors centre.

[Mr. Woolliams.]

Therefore the department entered into negotiations with Mr. Gourlay to purchase his land. Mr. Gourlay demanded a price considered to be exorbitant by the officials of the department. The department then requested that an appraisal be carried out by the normal appraisal methods used by federal departments. Mr. Gourlay rejected this and stated that an appraisal would be carried out only under his terms. It was at this point the department deemed it necessary to expropriate in order to proceed with the Lake Louise visitors service centre, which will eventually represent an investment of approximately $10 million. At about the same time Mr. Gourlay decided to proceed with court action against the department on the basis that he was not allowed to develop his lands in the manner in which he is entitled.

Mr. Speaker: Order please. I regret to interrupt the hon. member but he had only three minutes in which to reply. That period, I am afraid, has expired.

ADMINISTRATION OF JUSTICE—BRITISH COLUMBIA—COMMUTATION OF DEATH SENTENCES OF CONVICTED MURDERERS

Mr. Ralph Cowan (York-Humber): Mr. Speaker, last Thursday I rose to ask a question which appears in *Hansard* and which reads as follows:

> Mr. Speaker, I have a question which I should like to direct to the Solicitor General, but in his absence I shall direct it to the Prime Minister. The cabinet yesterday commuted to life imprisonment the death sentences of two convicted murderers in British Columbia. I should like to ask the Prime Minister what is the effect of this statement which he made on August 31 in this house:
>
> "—when this legislation passes it will be the will of the parliament of Canada and if it is the will of the parliament of Canada I know the law-abiding citizens of Canada, as they always have done in the past, will obey it."

Mr. Speaker, now I wish to direct the same question to the Solicitor General and ask him whether the cabinet is above the law of the land, that they do not have to observe the law of the land referred to by the Prime Minister on August 31 when he said that when it is the express will of parliament the law-abiding citizens of Canada will obey it, as they have always done in the past.

Two death sentences were imposed on convicted murderers in British Columbia which were then commuted to life imprisonment by the cabinet. This was done despite the fact that approximately a year ago parliament

ruled in a vote 143 to 112 that they wished to see the law of the land continued. This calls for the death penalty in capital murder convictions. I have not yet received an answer to my question on that score. I wish to develop further the question which I asked last Thursday, by asking whether the cabinet has discarded the principle of a responsible government in this country.

There was a vote of 143 members to 112 to continue the law as it is on the statute books, and yet the cabinet continues to commute death sentences despite that law. The cabinet has stated that it is commuting sentences in cases where there were recommendations for mercy from the jury. Does this mean that 12 selected jurymen have more power than 265 elected members of parliament? If so, I would suggest to the Governor General that he should dismiss the House of Commons and call in 12 jurymen to conduct the law and rule this nation. The cabinet seems to think that a jury is better able to handle convictions for murder than the Supreme Court of Canada, the supreme court of the province that may be involved, or even the trial divisions in the provinces.

I have in my hands pages 12397 and 12398. of *Hansard* of January 30, 1967 in which the Solicitor General, in answer to a question from the hon. member for Carleton (Mr. Bell) gave some statistics with regard to the action taken by the cabinet on murder convictions. Four sentences without any recommendation for mercy whatsoever have been commuted. As stated in *Hansard*, in case No. 88 there was no recommendation for mercy from the judge or from the jury. In case 90 there was no recommendation for mercy from the judge or from the jury. The same applied in cases No. 91 and 93, and yet every one of these sentences was commuted. We are told that this was only done in cases where there was a recommendation for mercy from the jury.

Mr. Speaker, I will make the flat statement that I could get a petition signed by a minimum of 100 names, and possibly running into thousands, asking for mercy for the victims of these criminals. We have never had time to get a recommendation for mercy for the victims. The two men from British Columbia whose sentences have been commuted and who have received recommendations for mercy from 12 jurymen, murdered two women. I am sure we could have gathered thousands of names asking for mercy for these two women before they were murdered by the criminals to whom the cabinet has extended clemency.

I have no hesitation in referring to the case in Hull. It has not yet been appealed so one can comment, since a conviction has been handed down. This is another case of a woman being shot by a man for whom a recommendation for mercy was made. I am sure we could have gathered hundreds of names on a petition asking for mercy for the woman before she was shot dead by the man who has been convicted of her murder. But no, we have the criminal with a recommendation for mercy gracing his shoulders and no recommendation for mercy gracing the shoulders of the victim.

• (10:20 p.m.)

When I said the cabinet is flying in the face of parliament when it commutes a death sentence, I refer to the fact that a free vote was held. Evidently a free vote means that parliament votes, then the cabinet feels free to do what it likes. When the cabinet flies in the face of a free vote of 143 to 112, responsible government appears to have gone out the window in this country. There was a vote not long ago of 59 to 58 against the cabinet. Within 24 hours they endeavoured to bring in another amendment which would counteract the vote of 59 to 58, and this is a cabinet which is supposed to be responsible to the parliament of Canada. Is it no longer responsible to the party that keeps it in power? They fly in the face of a vote of 59 to 58, or endeavoured to do so until they were derailed because they were flying in the face of responsible government. We believe that the cabinet should be responsible, and must be responsible to the parliament of which they are only the executive branch.

Now, I ask the Solicitor General (Mr. Pennell), has responsible government left this country, in view of the definite cases we have in which the cabinet has been flying in the face of votes that were against them in two matters, but more particularly this question of capital punishment when the vote was 143 to 112.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, there is no need for me to say that I respect the feelings of the hon. member for York-Humber (Mr. Cowan) on this important subject of capital punishment. However I should like to point out to him, with respect, that section 656 of the Criminal Code was

enacted by parliament and that section provides that the governor in council may commute a sentence of death to imprisonment in a penitentiary for life or for any term of years not less than two years, or to imprisonment in a prison other than a penitentiary for a period of less than two years.

I should like to point out also that section 642A was enacted by parliament, and it should be noted that section of the Criminal Code provides that when the jury finds an accused guilty of capital murder the judge shall ask the jury whether they wish to make any recommendation in regard to clemency. In both the cases referred to by the hon. member, the cases of Frederick Myron Turner and Michael Gregory Kuzyk, there were unanimous recommendations from the jury concurred in by the trial judge.

Motion agreed to and the house adjourned at 10.25 p.m.

APPENDIX

RESOLUTION ON PEACE KEEPING PRESENTED BY CANADA TO UNITED NATIONS GENERAL ASSEMBLY

DRAFT RESOLUTION

November 19, 1966

The General Assembly,

Recalling that the first purpose of the United Nations as set out in Article 1(1) of the Charter is to maintain international peace and security,

Convinced that all States Members of the United Nations should co-operate to ensure that the Organization is able to achieve this purpose,

Recognizing that the Charter has conferred

(a) on the Security Council the primary responsibility for the maintenance of international peace and security; and

(b) on the General Assembly the right to discuss any question relating to the maintenance of international peace and security and the right to make recommendations on any such question,

Recognizing further that if the Security Council is unable to adopt decisions the General Assembly, which bears its share of responsibility in maintaining international peace and security, may consider the matter in accordance with the Charter and make appropriate recommendations,

Believing that the Organization, pursuant to the Charter, should be in a position to respond promptly and effectively to the need for duly authorized action to maintain international peace and security,

1. Notes that various methods of financing peacekeeping operations may be considered when the need for any such operation arises, and that these include:

(i) apportionment among the Members of the Organization;

(ii) special arrangements agreed among the parties involved;

(iii) voluntary contributions;

(iv) any combination of these various methods.

2. Considers that if the costs of a particular peacekeeping operation involving heavy expenditures are to be apportioned among the Members of the Organization this should be done in a manner which would provide for the equitable sharing of the above-mentioned costs, due account being taken of:

(i) the special responsibilities of the Permanent Members of the Security Council;

(ii) the relatively limited capacity of economically less developed countries to contribute towards the costs of such an operation;

(iii) where circumstances warrant, the need to give special consideration to the situation of any Member States which are victims of, and those which are otherwise involved in, the events or actions leading to a peacekeeping operation.

3. Considers further that, taking due account of the considerations outlined in operative paragraph 2 above, the equitable sharing of the costs of a particular peacekeeping operation involving heavy expenditures might be achieved by means of a special scale which would establish that the economically less developed countries would contribute 5 per cent of the total costs with the balance of the costs to be borne by other Member States.

4. Invites Member States to communicate to the United Nations information concerning the kinds of military or civil forces or services which they might be in a position to provide, if they so decided, in response to a request to participate in a duly authorized United Nations peacekeeping operation.

5. Recommends to the Security Council:

(a) that it authorize a study of the means of improving preparations for peacekeeping;

(b) that, as a matter of general practice, it should obtain from the Secretary-General an estimate of the expenditure involved when recommending or deciding measures to maintain or restore international peace and security;

(c) that it explore the prospects for agreements to be negotiated with Member States for provision of armed forces, assistance and facilities, to be made available to the Security Council, on its call, pursuant to Article 43 and taking into account Article 47(2) of the Charter.

6. Decides to place an item entitled "A Review of Peacekeeping in All Its Aspects" on the agenda of the XXIInd regular session of the General Assembly.

23033—792

HOUSE OF COMMONS

Wednesday, February 1, 1967

The house met at 2.30 p.m.

HOUSE OF COMMONS

USE BY DEPARTMENTAL OFFICIALS OF PORTION OF GALLERY

Mr. Speaker: Order. The hon. member for Winnipeg South Centre yesterday questioned the propriety of certain departmental officials using the first row behind the press gallery for the performance of their responsibilities as departmental or ministerial officials. I indicated to the hon. member that I would look into the situation, and I have now had the opportunity of doing so.

• (2:40 p.m.)

There is a degree of uncertainty, as I indicated yesterday, in respect of the first row behind the press gallery; that is, whether it is an extension of the press gallery, an extension of the official gallery, or part of the general gallery.

In view of the uncertainty of the situation I took the opportunity to suggest that when space is available in the recognized official gallery the departmental officials should use it rather than other galleries for the exercise of their official responsibilities.

PRIVILEGE

MR. HALES—ANSWER TO QUESTION ON ORDER PAPER

Mr. A. D. Hales (Wellington South): Mr. Speaker, I rise on a question of privilege. In view of the fact that all of us in this house expect full, complete and correct answers to our questions, be they oral or written, I should like to bring to the attention of the house, the Prime Minister and his parliamentary secretary that I asked a written question to which I received an answer on Monday. Part of the question was:

> Who are the auditors for the Company of Young Canadians and what yearly audit fees have been paid?

The answer to that part of my question was

> The Auditor General. No fees are charged.

That is completely wrong because, as I recall, the act did not stipulate that the Auditor General would be the auditor, but that the Governor in Council would appoint an auditor for this organization. To the best of my knowledge no auditor has yet been appointed. I have brought this situation to the attention of the house because I feel we should receive full and correct answers.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, in order to clarify this matter—and I am very sorry if my hon. friend thinks he has been misled in any way—let me say that during the current year payments on behalf of the Company of Young Canadians have been made through the comptroller of the treasury. As a result all these expenditures come under the scrutiny of the Auditor General. In succeeding years it will be necessary for the cabinet to appoint an auditor as provided in the legislation. In respect of the current year the answer given is quite correct.

ROYAL VISIT

DATES OF VISIT BY HER MAJESTY AND DUKE OF EDINBURGH

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it will be recalled that on September 13 last it was announced from Government House that Her Majesty the Queen and His Royal Highness the Duke of Edinburgh had accepted an invitation of the government of Canada to attend ceremonies in our national capital, celebrating the 100th anniversary of confederation.

I am happy to be able to state now that the dates of the visit of Her Majesty and His Royal Highness have been confirmed. They will arrive at Uplands airport in the late afternoon of Thursday, June 29, and will remain in Canada until late in the evening of Wednesday, July 5. Her Majesty and His Royal Highness, on this occasion, will visit the national capital and will have one day, July 3, at Expo '67.

Her Majesty will address members of both houses of parliament assembled on the anniversary of confederation, Saturday, July 1

1967 at which time the Speakers of the Senate and the House of Commons will each present a loyal address to Her Majesty.

Following these addresses Her Majesty will deliver a special centennial address. Later on July 1 a reception will be held for members of both houses of parliament and their wives at which Her Majesty will attend.

Other details of the program for the royal visit are now being worked out and will be announced in due course from the office of the commissioner general for visits of state. I felt that I should make an announcement of plans for this meeting in the national capital at this time, so that members of parliament and senators may make their plans accordingly.

Hon. Michael Starr (Ontario): Mr. Speaker, this is indeed a very welcome announcement the Prime Minister has made, that Her Majesty the Queen and His Royal Highness the Duke of Edinburgh will come to Canada for the celebration of our centennial. I am sure all Canadians will be happy with this announcement that the Queen of Canada will be with them on this occasion. I am also sure the Prime Minister has conveyed to Her Majesty the Queen and His Royal Highness that they will be received in Canada with courtesy and a warm welcome.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I am sure all hon. members and the people of Canada will be very happy at the announcement the Prime Minister has just made. It will give great emphasis to our centennial celebrations to have Her Majesty the Queen and His Royal Highness the Duke of Edinburgh in this country. I am also sure that their visit will help to cement further those ties of loyalty which the Canadian people have to the crown, to the commonwealth and to the principles of democracy and justice which they represent.

[*Translation*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, members of our group were glad to hear the right hon. Prime Minister (Mr. Pearson) inform hon. members that Her Majesty the Queen is planning a visit to Canada next June 29 and will, on that occasion, visit Expo '67 and address members of both houses.

Mr. Speaker, a visit by Her Majesty during our centennial year means that Canada is worthy of such a visit by Her Majesty, and we should be proud of this fact. Hon. members and, indeed, all Canadian citizens must endeavour to give the Queen a fitting reception. As far as I know, Mr. Speaker, the Queen was never the cause of any trouble in our province, except for a disturbance by a few on one occasion. As French Canadians and plain Canadians, we bid her welcome.

I hope her stay will be a pleasant one and that her return to England will be filled with happy memories of Canada. I should like her to be sure that Canada will make as much progress over the next one hundred years and that, just as any other head of state, she will always be welcome in Canada.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, on behalf of the Social Credit party I join with the other party representatives in the house in welcoming the announcement the Prime Minister has just made. Certainly we are more than pleased that the Queen of Canada will be able to visit this country during the 100th anniversary of Canada's confederation. It is, I think, a very excellent thing that Her Majesty the Queen will be able to be with us on July 1. I could not help but think, as we listened to the announcement, that it would have been a wonderful birthday present for Canada if the provincial premiers and the federal government could have agreed on an amending formula for our constitution, so the Queen could have carried it back with her after her visit with us on July 1. We join in the expression of loyalty and gratitude to Her Majesty that she will be able to be with us.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADA BONDS HELD BY CANADIANS

Question No. 2,246—**Mr. Godin:**

1. What is the amount of Canada bonds held by Canadian individuals?

2. What amount of interest is received by these individuals?

Hon. Mitchell Sharp (Minister of Finance): Government of Canada bond issues other than Canada savings bonds are in both bearer and registered form and it is not possible to establish the amount held by Canadian individuals. Canada savings bonds may only be purchased by Canadian individuals and for the purpose of answering the question it has been interpreted as referring only to Canada

savings bonds. On such an interpretation the answers are as follows:

1. The approximate amount of Canada savings bonds outstanding as at December 31, 1666, was $6,089 million.

2. The amount of interest payable in 1967 on the Canada savings bonds referred to in part 1 would be $299 million.

TELEVISION ADVERTISING FOR R.C.M.P. RECRUITS

Question No. 2,309—**Mr. Prittie:**

1. Have the Royal Canadian Mounted Police placed any advertising intended to attract recruits with television station KVOS?

2. If so, what has been the cost of such advertising?

3. Have the Royal Canadian Mounted Police placed any advertising intended to attract recruits with television station CHAN, Vancouver, B.C.?

4. If so, what has been the cost of such advertising?

5. Have the Royal Canadian Mounted Police placed any advertising intended to attract recruits with television station CBUT, Vancouver, B.C.?

6. If so, what has been the cost of such advertising?

Hon. L. T. Pennell (Solicitor General):
1. Yes.
2. Nil.
3. Yes.
4. Nil.
5. Yes.
6. Nil.

REGULATIONS RESPECTING TELEVISION COMMERCIALS

Question No. 2,324—**Mr. Orlikow:**

Has the Board of Broadcast Governors formulated regulations (a) limiting the number of television commercials which can be shown in any program (b) limiting the time that television commercials can be shown in any program and, if so, what are these regulations?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. (a) No; (b) Yes. Section 8 of the radio (T.V.) broadcasting regulations states:

8 (1) Subject to subsection (2), no station or network operator shall, during any clock hour, broadcast commercial messages the aggregate duration of which exceeds twelve minutes.

(2) A station or network operator may, during any clock hour, broadcast commercial messages the aggregate duration of which exceeds twelve minutes but does not exceed thirteen minutes if, during either the immediate preceding or succeeding clock hour, the aggregate duration of commercial messages is reduced by an amount equal to the excess time over twelve minutes which was broadcast.

REPORTS ON TELEVISION COMMERCIALS

Question No. 2,325—**Mr. Orlikow:**

1. Does the Board of Broadcast Governors require television stations to report on the number of television commercials and the time taken by these commercials which are televised for each program?

2. Does the Board of Broadcast Governors monitor programs either regularly or on an ad hoc basis to compare the reports, if any, which it receives from television stations, with the actual production of these stations?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. Stations are required to keep weekly program logs which include the duration of each commercial message except in the case of a sponsored program where the aggregate time of all commercial messages is entered in the log.

2. Yes, on an ad hoc basis.

COMPLAINTS RESPECTING TELEVISION COMMERCIALS

Question No. 2,326—**Mr. Orlikow:**

1. Has the Board of Broadcast Governors received complaints from the public about excessive televising of commercials?

2. Have these complaints been investigated and, if so, what were the results of such investigation?

3. Has the Board of Broadcast Governors, as a result of its investigations, or as a result of complaints, discovered violations of its regulations with regard to television commercial usage by television stations and, if so, in how many cases?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. Yes.

2. All complaints are investigated. In most cases the stations have been operating in accordance with the regulations.

3. The log examination section reports on all instances in which the station logs appear to indicate excess commercial time. Each case has to be investigated before it can be established to the satisfaction of the board that a violation of the regulation has occurred.

PROSECUTIONS FOR VIOLATION OF BROADCAST REGULATIONS

Question No. 2,327—**Mr. Orlikow:**

1. What action has the Board of Broadcast Governors taken when it has discovered that its regulations are being violated?

Questions

2. If prosecutions have been ordered or recommended, what was the number of cases, and what was the result of such prosecutions?

3. If discussions have been held with television sations or television networks, how often have these discussions been held, when were they held, what agreements if any were reached with the stations or networks, and have these agreements been lived up to by the television stations or networks?

4. Has the Board of Broadcast Governors drafted any new regulations to control television commercials being used and, if so, what are these new regulations?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. Each case in which the logs disclose an apparent violation is brought to the attention of the licensee and is investigated by the board to determine the circumstances and to satisfy the board that there is a case with which the board could proceed successfully under section 18 of the Broadcasting Act.

2. During the three month period September, October and November, one case has been taken to court and a plea of guilty was entered. Another case is before the court. Other cases are still under study.

3. See 1 above. The board expects each station to comply with the regulations and therefore there is no need for an agreement in this respect.

4. No.

USE OF METRIC SYSTEM IN CANADA

Question No. 2,353—**Mr. Stanbury:**

1. Is there under way in the government any program for promotion of wider use of the metric system in Canada?

2. If so (a) what is the nature of the program (b) what results has it had to date?

Hon. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. No. There is no comprehensive program at present to promote the wider use of the metric system in Canada. Encouragement is being given to the study of the subject in various sectors of Canadian industry, particularly with respect to the impact on export trade. Any consideration of the adoption of the metric system of measurement must take into account the requirements in Canada's main export markets and practices in the countries which are the principal sources of Canadian imports of technology.

2. See (1) above.

[Mr. Orlikow.]

SOUTH WEST MARGAREE R. R. No. 1

Question No. 2,364—**Mr. Muir (Cape Breton North and Victoria):**

1. Was authority given for the establishment of South West Margaree rural route No. 1 to provide the patrons concerned with direct R.M.D. service?

2. On what date was this service scheduled to begin operating and what was the detail of travel for South West Margaree rural route No. 1?

3. Were the patrons concerned instructed by officials of the Post Office Department to either purchase rural mail boxes or, alternatively, to provide their own mail boxes?

4. Were the patrons concerned advised by postal authorities to complete the application for rural mail delivery service which is found at the back of booklet 9 R.M.D.?

5. Were the patrons concerned advised in a further circular letter of October 4, concerning the establishment of South West Margaree rural route No. 1, that the new service would begin on November 16, 1966?

6. In the circular letter of October 4, were the patrons concerned again advised to purchase and erect rural mail boxes?

7. Were the patrons concerned later informed on November 18, 1966, that the establishment of South West Margaree rural route No. 1, was to be held in abeyance for the time being and, if so, for what reason has the establishment of this rural route been held in abeyance?

8. What representations were made and by whom to the effect that this proposed rural route not be established and for how long is the establishment of this rural route to be held in abeyance?

Hon. Jean-Pierre Côté (Postmaster General): 1. Yes.

2. (a) 16th November 1966; (b) The detail of travel for South West Margaree rural route No. 1 is as follows: To leave South West Margaree post office daily except Sunday as soon as possible after receipt of mail from highway service trip 29 and proceed: West on highway No. 19 to south west Margaree road, 0.2 mile; South on south west Margaree road to Kiltarlity road, 4.8 miles; West on Kiltarlity road to Vincent MacKinnon's lane, 0.6 mile; Retrace and go south east to east side river road, 0.9 mile; North on east side River road to highway No. 19, 5.3 miles; West on highway No. 19 to south west Margaree post, 0.2 mile; office, Total distance, 12.0 miles.

3. Yes.

4. Yes.

5. Yes.

6. Yes.

7. (a) Yes; (b) It was not found advisable to inaugurate service on the 16th November.

8. (a) The postmaster of the Gillisdale post office, which will be closed upon the

establishment of south west Margaree R. R. No. 1, requested that the office remain open until the end of the 1966-67 winter season. (b) The proposed south west Margaree R. R. No. 1 will be inaugurated on the 1st April 1967.

TARIFF ON CLOTHING AND TEXTILES

Question No. 2,371—**Mr. Madill:**

1. What is the tariff level on clothing?
2. What is the tariff level on textiles?
3. How long has the present level been in effect?
4. What is the net effect of this tariff policy on the Canadian consumer?
5. What is the net effect of this tariff policy on the Canadian textile and clothing industry?
6. How many people are employed in the manufacture of clothing and household linens?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of National Revenue, Finance and Trade and Commerce as follows: 1. Under the British preferential tariff the rates of duty vary from free to 25 per cent, under most favoured nation tariff, from 10 per cent to 35 per cent, and under the general tariff, from 25 per cent to 55 per cent. There are, in addition, several tariff items which bear a specific rate of duty and an ad valorem rate, and under these tariff items the value of the goods governs the level of the tariff. In the absence of value information these are, therefore, not included in the above.

2. On textile goods other than clothing, the British preferential tariff rates vary from free to 27 per cent, the most favoured nation tariff rates, from free to 37½ per cent, and the general tariff rates from free to 55 per cent. There are, in addition, several tariff items which bear a specific rate of duty or a combination of specific and ad valorem rates, and under these tariff items the value of the goods governs the level of the tariff. In the absence of value information, these are, therefore, not included in the above.

3. While many of the tariff items in the clothing and textiles schedules have remained unchanged since the general agreement on tariffs and trade became effective on January 1, 1948, there have been a fairly substantial number of changes since that time, particularly those effective April 1, 1960, which resulted from the tariff board's recommendation to the Minister of Finance following textile reference No. 125.

4 and 5. It is not possible to measure the net effect of the tariff on the Canadian consumer or on the Canadian textile and clothing industry.

6. Estimated number of employees in the clothing industries in 1966 is 126,000.

The number of employees in the manufacture of household linens is not available. These products are not classified as a separate industry but are included in miscellaneous textiles, cotton yarn and cloth mills industries.

ADVERTISING BUDGET FOR EXPO '67

Question No. 2,396—**Mr. Coates:**

What is the present advertising budget for Expo '67, how much of this budget has been earmarked for the United States, and what proportion of the moneys earmarked for advertising in the United States will be used in that section of the United States within a 600-mile radius of the city of Montreal where there is a total population of seventy million people?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The total Expo advertising budget for 1967 is approximately $6,000,000 and of this amount approximately $4,500,000 will be spent in the United States. Approximately 75 per cent of the United States advertising moneys are spent to cover 600 mile radius of the city of Montreal.

CANADAIR—ESTABLISHMENT OF BRANCH OFFICE IN ENGLAND

Question No. 2,402—**Mr. Allard:**

1. Is the government aware that Canadair is about to open an office for draughtsmen and instrument technicians in England?
2. Is the government aware that Canadair has already begun to publish advertisements for employment in British newspapers?
3. Is the government aware that Canadair will set up this branch office at Potters Bar in Middlesex on the outskirts of London?
4. For the years 1963, 1964, 1965 and 1966, what is the number, nature, and value of the contracts awarded to Canadair by the government of Canada?
5. With respect to future contracts between the government of Canada and Canadair, will the government demand that these contracts and the work involved be carried out entirely in Canada by Canadian workers?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): 1. Yes.

2. Yes.

3. Yes.

4. The following figures represent the number and nature of DDP contracts and related contract values awarded in the calendar years indicated. The value excludes government financed equipment such as power plants, avionics, accessories awarded to other contractors. A portion of the values shown would however be subcontracted to Canadair's airframe subcontractors.

	1963		1964		1965		1966	
Contract Type	No.	$M	No.	$M	No.	$M	No.	$M
Aircraft Production	2	50.4	2	4.3	1	0.7	2	89.3**
Aircraft Development	1	0.8	1	6.6	0	—	1	0.6
CL89 Drone Development	1	1.0	1	4.5	1	0.5	1	3.2
CL91 Vehicle Development	1	0.4	1	0.2	0	—	1	0.2
*Product Support	100	18.1	77	13.6	106	7.9	138	9.1
	105	70.7	82	29.3	108	9.2	143	102.4

*Product Support includes spares, repair and overhaul, technical support, field service representative, mobile repair parts, modification kits, engineering studies, technical publications.

**Includes CF-5 aircraft contract.

5. With respect to any future production contracts between the Department of Defence Production and Canadair, the department will employ its normal practice of seeking to obtain the maximum Canadian content of labour and materials, consistent with technical and economic feasability.

The prime purpose of the London office is to bridge the gap existing temporarily in Canadair's design engineering capacity for their United States military C-5A jet transport aircraft subcontract program, which was executed directly between Canadair and Lockheed Corporation.

[*English*]

NEW POSTAL GUIDE AND INFORMATION BOOKLET

Question No. 2,403—**Mr. Allard:**

1. When will the Post Office Department publish a new postal guide and postal information booklet in the two official languages?

2. When did the Post Office Department publish the last postal guide and information booklet?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): 1. The Post Office Department has no plans at this time to issue a new postal guide. It is expected the department will publish a new postal information booklet in both languages in April of 1967.

[Mr. Drury.]

2. The Canada Postal Guide, Part 1, "Postal Law and General Information" was issued in both languages on the 30th June 1965. Six revisions have been issued to date. Part 2, "International Mails Rates and Conditions" was issued in both languages on the 1st October 1963. Nine revisions have been issued to date. The last postal information booklet was published by the department in 1963.

[*English*]

EMPLOYMENT ON PRINCE EDWARD ISLAND CAUSEWAY

Question No. 2,433—**Mr. Macquarrie:**

1. Has any department of the government made any estimate of the number of persons likely to be employed in the construction of the Northumberland Strait Crossing?

2. If so, what is the estimated number per year of projected construction?

3. Is it the intention to give priority in employment to workers from Prince Edward Island?

4. Has the government of Canada given any assistance in the training of potential workers on this project and, if so, what is the nature and extent of such training?

5. To date, how many men have obtained employment on this project?

6. Of these, how many are residents of Prince Edward Island?

7. When is it intended to commence construction of the highway approach from the Prince Edward Island side of the crossing?

8. What portion of the approach to the highway on the New Brunswick side has been completed?

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): 1. Yes, but the estimates are confined to the work on site directly involved in the construction of the

crossing. No attempt has been made to estimate the numbers of men who will be employed indirectly or in related work because of the construction of the crossing. Estimates relating to an undertaking of this kind become increasingly tentative for each future year.

2. The estimate of the numbers of men to be employed on the site in 1967 and the next three years are respectively as follows: (a) 621, (b) 1549, (c) 1833, and (d) 2004. Figures beyond 1970 are very highly tentative.

3. The standard government contract clause will apply. Clause 27(2) of the general conditions of the standard government construction contract states: "Subject to subsection (1) the contractor will employ labour from the locality where the work is being executed to the extent to which it is available and shall use the offices of the National Employment Service in the recruitment of workers wherever practicable."

4. The government of Canada, under the technical and vocational training agreement, is assisting the provincial government of Prince Edward Island in training men for this project. Thirty men are now enrolled in a course on basic heavy duty maintenance. This course will be repeated three times. Six men are in a course on welding. This course will be repeated. Nine are in the tugboat masters course. Fifty-two are in a boat crew course; and 60 already have completed this course. Twelve are enrolled in an upgrading course for carpenters. Additional training courses will be started when the requirements are anticipated.

5. A total of 284 men have obtained direct employment on this project.

6. 149.

7. A contract has been awarded; and the work entailed is now about 35 per cent complete.

8. The work entailed by the contract awarded on November 3, 1965, has been completed. The approach road has now been brought to the standard required for the construction of the crossing.

NATIONAL EMPLOYMENT SERVICE OFFICE, RIMOUSKI, QUE.

Question No. 2,435—**Mr. LeBlanc (Rimouski):**

1. How many job vacancies were brought to the attention of the National Employment Service office in Rimouski during 1965-66?

2. How many persons obtained work through the National Employment Service office in Rimouski during that same year?

3. Which ridings are included in the area covered by this office?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. There were 3,734 job vacancies brought to the attention of the National Employment Service office in Rimouski in the year 1965. A comparative figure for 1966 was 3,241.

2. The number of persons placed by the same office in the year 1965 was 3,301; for the year 1966 a comparative figure amounted to 2,845.

3. The area covered by the Manpower Centre in Rimouski includes:

(1) Electoral district of Rimouski, excluding that area which is a part of the county of Rivière du Loup.

(2) Eight municipalities which form a part of Matapédia-Matane electoral district:

Price
Grand-Métis
St-Octave-de-Métis
St. Antoine-de-Padoue
St. Noël
St. Moïse
Ste. Jeanne d'Arc
St. Damase

[*English*]

PAYMENT OF SCHOOL TAXES, POLYMER CORPORATION

Question No. 2,445—**Mr. Grégoire:**

1. Does Polymer Corporation Limited pay school taxes?

2. If so (a) what were the amounts paid in the last three years (b) for each of those three years, what amounts were paid (i) to the public schools (ii) to the separate schools?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): Insofar as Polymer Corporation Limited is concerned:

"As a crown company, Polymer Corporation is not legally obligated to pay municipal or school taxes. However, it does make an annual grant to the city of Sarnia in the same amount as its total municipal tax would be (including the amount for schools) if it was subject to tax."

Questions

[*English*]

CANADIAN PRODUCTION OF U.S. MATERIAL FOR USE IN VIET NAM

Question No. 2,454—**Mr. Mather:**

Of the United States defence orders placed in Canada in 1965 and 1966, what was the amount, in dollars, of material destined for use in Viet Nam?

Hon. C. M. Drury (Minister of Industry): Under the Canada-United States production sharing program, the United States in 1965 purchased $259.5 million and in 1966 approximately $300 million in defence supplies from Canadian sources, including both prime and subcontracts.

All Canadian produced defence supplies sold to the United States government under this program are delivered to the Department of Defence inventories in the continental United States. The Canadian government has no information as to logistic arrangements for further distribution beyond these points.

ROAD CONSTRUCTION, BELLETERRE-LE DOMAINE, QUE.

Question No. 2,457—**Mr. Lefebvre:**

Is a road being built from Belleterre, Temiskaming county, to Le Domaine and, if so (a) is this road being built under a federal-provincial plan (b) what have federal expenditures amounted to thus far, annually, for this project since the beginning of construction of this road?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): (a) Yes, federal-provincial forestry agreement; (b) federal share of expenditures to date, $119,308.82. Federal share of expenditures, annually: 1964-65, $43,177.11; 1965-66, $49,849.11; 1966-67, $26,282.60.

U.S. CONTRACTS LET IN CANADA BY DEFENCE PRODUCTION DEPARTMENT

Question No. 2,476—**Mr. Allard:**

What is the increase in the net value of contracts of a general nature awarded on behalf of the United States by the Department of Defence Production in 1966 as compared with 1965?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): Contracts on behalf of the United States government are awarded to the Canadian Commercial Corporation. The corporation subsequently places a contract with Canadian companies for the supplies required and these contracts are administered by the Department of Defence Production.

In 1965 the net value of prime contracts and amendments awarded by the United States government to the Canadian Commercial Corporation totalled $162.94 M and in 1966 the value of these awards was $143.71 M, resulting in a net decrease of $19.23 M.

[*English*]

DOCK REPAIRS, TROIS-PISTOLES, QUE.

Question No. 2,491—**Mr. LeBlanc (Rimouski):**

1. In the past five years, how many times each year has repair, maintenance or development work been carried out on the dock at Trois-Pistoles?
2. Who was the contractor for this work?
3. What was the cost in each case?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): 1, 2, and 3.—Listed below:

Year	Frequency	Contractor	Amount
1962	Once	Adrien Bérubé	$ 23,903.04
1963	Once	Albert Côté	1,240.00
1964	Five Times	Paul Malenfant	2,508.59
		Jean B. Rioux	2,449.55
		Albert Côté	154.00
		Trois-Pistoles Electrique Enr.	211.23
		Albert Côté	1,106.35
1965	Three Times	Jean B. Rioux	113,064.09
		Les Bétons de Rivière-du-Loup	4,784.00
		Léopold Tremblay	4,451.21
1966	Four Times	Albert Côté	2,790.00
		Albert Côté	6,947.40
		Trois-Pistoles Equipment Enr.	6,492.33
		Albert Côté	593.00

[*English*]

WHOLESALE VALUE OF MOTOR VEHICLE PRODUCTION

Question No. 2,492—**Mr. Hales:**

1. What was the wholesale value of the 901,230 motor vehicle units produced in Canada in 1966, and the wholesale value of the 855,476 units produced in 1965?

2. What was the wholesale value of the 696,088 passenger cars produced in Canada in 1966 and the wholesale value of the 710,811 cars made in Canada in 1965?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1 and 2. These figures were taken from the Dominion Bureau of Statistics' monthly report for December 1966 entitled "Preliminary Report on the Production of Motor Vehicles", catalogue number 42-001. These preliminary, production figures are compiled monthly but corresponding values are not collected.

Values of motor vehicles are collected annually in the form of shipments from plants. Final figures for 1966 will, therefore, not be available for some time since the motor vehicle manufacturers are only beginning to submit their reports for 1966.

1965 final figures are:

	Number	Value
Total motor vehicles shipped	843,845	$1,919,969,000
Total passenger cars shipped	705,620	$1,561,154,000

VISITS TO PROVINCES BY TRADE COMMISSIONERS

Question No. 2,507—**Mr. Deachman:**

Will trade commissioners making the centennial export promotion tour of Canada as announced recently by the Minister of Trade and Commerce visit all of the provinces?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The senior Canadian government trade commissioners participating in the program known as "Operation Export 1967" will visit the following eight major business centres over a period of seven weeks on the dates indicated: Montreal, April 17-21; Vancouver, April 25-28; Edmonton, May 1-2; Saskatoon, May 4-5; Winnipeg, May 8-10; Toronto, May 11-24; Halifax, May 29-30; Saint John, June 1-2.

Exporters in Newfoundland and Prince Edward Island will be approached directly and invited to meet trade commissioners of their choice in either Halifax, Nova Scotia or Saint John, New Brunswick.

INCOME FROM TOURISM

Question No. 2,508—**Mr. Isabelle:**

What was Canada's income from tourism in 1966?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Information on travel expenditures in Canada by non-residents is not available for the last quarter of 1966. However, during the four quarters ended September 30, 1966 these totalled $813 million.

[*English*]

TRADE FAIR EXHIBITS BY TRADE DEPARTMENT

Question No. 2,518—**Mr. Walker:**

How many trade fair exhibits will be organized by the Department of Trade and Commerce during the 1967-68 fiscal year and in what markets will Canadian products be displayed?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The Department of Trade and Commerce will sponsor exhibits in 48 trade fairs during the 1967-68 fiscal year. Canadian products will be displayed in the following markets: Britain, Czechoslovakia, France, Germany, Ireland, Italy, Peru, Spain, South Africa, The Netherlands, United States and Yugoslavia.

CLAIMS BY CANADIANS AGAINST POLISH GOVERNMENT

Question No. 2,519—**Mr. Langlois (Mégantic):**

1. What is the nature of claims made by Canadians against the Polish government, as a result of nationalizations?

2. Since when have negotiations on this matter been carried on with the Polish government?

3. What are the names of the Canadians involved in these claims?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): 1. The claims of Canadians against the Polish government which are registered with the Department of External Affairs are, generally speaking, in respect of property in Poland which was expropriated or otherwise taken without compensation by the Polish authorities after World War II. The claims arose out of the nationalization of

urban residential property, farmland, industries, and other property. According to a well-established principle of international law, the Canadian government advances those claims which belonged to Canadian citizens at the time of loss and continuously thereafter until the presentation of the claim to the Polish authorities.

2. Within three years after the end of World War II, the Canadian government approached the Polish government with a view to reaching a settlement of nationalization claims of Canadian citizens. However, although this question was reviewed periodically, no basis for progress was found until 1965 when an understanding was reached whereby the Polish authorities agreed to enter into negotiations toward a lump-sum settlement of Canadian claims on the basis of principles similar to those applied in settlements which Poland has concluded with other countries. The Department of External Affairs issued a public announcement on September 1, 1965, inviting Canadians to submit their claims against Poland to this department before January 1, 1966. This deadline was subsequently extended to May 1, 1966. These claims are now being examined in the Department of External Affairs in preparation for negotiations with the Polish authorities. The Secretary of State for External Affairs, upon his return from an official visit to Poland among other countries, stated in the House on November 17, 1966, that "the Polish government is desirous of settling the long-standing matter of the claims of certain Canadians arising out of post-war nationalizations, and in the very near future we expect to enter into detailed negotiations to that end".

3. The Department of External Affairs had on record, as of January 26, 1967, 562 claims against Poland. Some of these claims are not eligible for espousal by the Canadian government because the requirements of the rule of continuous nationality (see part 1) have not been met. In other cases, the claim may not be espousable because there is no evidence of loss or because the Polish government is not responsible in international law for the loss as, for example, where the loss occurred as a result of a general devaluation of the currency.

It is not usual practice to reveal the names of registered claimants prior to inter-governmental claims negotiations.

[Mr. Martin (Essex East).]

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

MEETINGS OF PROPRIETARY CORPORATIONS

Question No. 2,108—**Mr. Latulippe:**

1. With regard to each proprietary corporation, who convenes the board of directors and how is this done?

2. For each of the last three fiscal years, how many times has the board of directors of each proprietary corporation held a meeting and how many days does this represent?

3. Does the Minister of Finance, the responsible minister, or the governor in council give instructions to proprietary corporations and, if so, what are those instructions?

4. Who decides on the agenda for such meetings?

5. Are there any internal regulations with regard to the operation of the board of directors of each proprietary corporation?

Return tabled.

FEDERAL PAYMENTS TO LOUISBOURG, N.S.

Question No. 2,275—**Mr. Douglas:**

1. Were any payments made by any department of the federal government or by any crown corporation to the town of Louisbourg, Nova Scotia, between January 1, 1960, and November 30, 1966?

2. If so (a) on what dates were such payments made (b) what was the amount of each such payment (c) what was the purpose for which each payment was made?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notice of motion for papers No. 202 is acceptable to the government.

Would Your Honour be so kind as to call notice of motion No. 200?

I ask that the remaining notices of motions be allowed to stand.

[*English*]

C.B.C. PAYMENTS TO MESSRS SAYWELL AND RICKER

Motion No. 200—**Mr. Cowan:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents, dated since January 1, 1961, exchanged between the Secretary of State or any agency or department of the government of Canada relating to payments made to John T. Saywell and/or John C. Ricker by the Canadian Broadcasting Corporation, and a list setting out in detail each such payment to each such person.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I understand there is no correspondence between the Department of the

Secretary of State or any other agency or department of the government with respect to the matter in question, and I would therefore ask my hon. friend whether he would be prepared to withdraw his motion.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I ask that the matter be transferred for debate. I asked not only for the production of correspondence and telegrams but also for other documents.

Mr. Speaker: Transferred for debate.

C.N.R. LEVEL CROSSING, METROPOLITAN TORONTO

Motion No. 202—**Mr. Stanbury:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents exchanged between the Board of Transport Commissioners and any other organization, group or person, with reference to the level crossing of the Canadian National Railways line at Cummer avenue and Leslie street in the borough of North York in the municipality of metropolitan Toronto.

Motion agreed to.

IMMIGRATION

REQUEST FOR STATEMENT OF POLICY RESPECTING U.S. DRAFT DODGERS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister and ask him what is the government's policy in the face of action sponsored by the Students Council for Peace Action to assist the entry of United States draft dodgers into Canada. Is the government making immigration facilities available, are working permits to be granted, and is there any policy with regard to such people of military age seeking entry into Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the rules regarding the admission to Canada of United States citizens would apply in the normal way to men in this category. The fact that these people were draft dodgers would probably be unknown to the immigration officers in any case, and I am sure my hon. friend would not wish to do anything which would interfere with the maximum freedom of movement across the border.

It is very difficult to take action in individual cases but we would certainly not do anything to encourage admission to Canada of this category of United States citizens.

Mr. Starr: I have a supplementary question, Mr. Speaker. Can the Prime Minister say whether the government has been approached for any further assistance for the Student Council for Peace Action in addition to the grant that body was awarded last year from the Company of Young Canadians. What is the government's policy with regard to the activities of an organization which cannot but damage relations with the United States at this time?

Mr. Pearson: I do not know of any assistance the government is giving to this particular organization. Certainly it is not an organization that should be assisted in this kind of activity.

Mr. R. W. Prittie (Burnaby-Richmond): Is the Prime Minister ready to make any statement concerning the request made by the Canadian Quakers for financial assistance in aiding the victims of war in both North and South Viet Nam? He said the other day a request had been received.

Mr. Pearson: I think I received a communication on this matter this morning. I would prefer to take notice of the question and look into it.

HIGHWAY SAFETY

REQUEST FOR NATIONAL CODE WITH FEDERAL INSPECTION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a question for the Prime Minister. In view of the information placed before the committee on justice concerning the thousands of defects in Canadian manufactured cars, some of which were of a serious nature, does the Prime Minister not think the time is long overdue for a national car safety code with adequate federal inspection? Is the government prepared to introduce such a measure in the near future?

Hon. C. M. Drury (Minister of Industry): I hope to be making a statement to the house judicial committee on this particular topic tomorrow.

Mr. Douglas: Having in mind the gap which sometimes exists between reports of committees and legislative action, may I ask the Minister of Industry if the government has undertaken the preparation of such a car safety code, and if it intends to bring such legislation before the house?

Inquiries of the Ministry

Mr. Drury: Perhaps after I have made my statement to the committee, Mr. Speaker, I could have some conversation with the hon. member for Burnaby-Coquitlam to ascertain if he is adequately informed. It would take some time to explain the whole thing on orders of the day.

TRADE

CEREALS—DISCUSSION AS TO ENTRY INTO EUROPEAN MARKET

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I have a question for the Minister of Trade and Commerce related to the negotiations that will begin next week in Geneva respecting cereals and the Kennedy round of trade negotiations. I should like to ask him if Canada intends to ask for a discussion with respect to the price of cereals entering the European common market, and also if Canada is being made aware of the terms and conditions under which cereals will enter the common market.

Hon. Robert Winters (Minister of Trade and Commerce): In general I could cover the whole question by saying the answer is in the affirmative. This and other aspects are being discussed. Particularly, as I said before, we are advocating a higher price for cereals for Canada.

Mr. Olson: I wonder if the minister would be prepared to tell the house how much of an increase Canada is advocating in the maximum under the international wheat agreement.

Mr. Winters: I really do not believe it would be in the public interest to disclose that at this stage of the negotiations.

Mr. W. H. Jorgenson (Provencher): I wonder if the minister could advise us if the United States position in these negotiations has been known to the government, and if so what that position is.

Mr. Winters: I am not at liberty to say what the position is. The position of the United States is known to the negotiators. It developed after long weeks of discussion.

Mr. Olson: Can the minister advise the house whether it is true that Canada will be seeking a new maximum of $2.50 per bushel for wheat?

Mr. Winters: I do not think I can add to what I have said on the matter of price.

[Mr. Douglas.]

[*Translation*]

CANADIAN CENTENNIAL

INQUIRY AS TO INVITATION TO HIS HOLINESS THE POPE

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a question for the right hon. Prime Minister.

I would like to know whether the Canadian government has officially invited His Holiness Pope Paul VI to visit our country and the World Exhibition on the occasion of our centennial?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there have been questions previously of the government on this matter, and I can only repeat what has been said most recently by the Secretary of State for External Affairs, that the Papal Delegate has indicated to the government that His Holiness will not be in a position to make a visit to Canada or to North America during this year. This is the latest information we have on the subject.

HOUSING

INQUIRY AS TO FEDERAL ASSISTANCE TO ONTARIO PROGRAM

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Prime Minister. I should like to ask the Prime Minister whether the government has been approached by the government of Ontario with regard to assisting in its crash housing program which was announced in the legislature yesterday.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I know the minister responsible for housing has been in touch with the Ontario representatives in connection with this matter, but I would prefer to have a word with him to see whether he can answer the question at greater length tomorrow.

Mr. Winkler: Mr. Speaker, may I direct a supplementary question to the Minister of National Health and Welfare. Could the minister inform the house whether for the first time the federal government is going to take part in a plan to provide capital grants for the construction of senior citizens homes and homes for the aged?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I would be glad to discuss this matter with my colleague the Minister of Labour.

CANADIAN PACIFIC RAILWAY

REQUEST FOR ASSURANCE RESPECTING TAX PAYMENTS TO PRAIRIE MUNICIPALITIES

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is addressed to the Minister of Transport. I would ask the minister whether, if he has not already done so, he will give this house an undertaking that he will make a definitive determination whether the C.P.R. intend to give effect in 1967 to its pledge to commence payment of municipal taxes in certain areas of western Canada.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I did give an undertaking during the debate that I would take up this matter with the Canadian Pacific Railway as soon as the bill had been dealt with by parliament, and I intend to keep my word.

Mr. Andrew Brewin (Greenwood): A supplementary question. Can the minister say whether the same answer would be applicable to the requests of the municipalities in the maritime provinces that C.N.R. properties in those provinces pay full municipal taxes?

Mr. Pickersgill: Mr. Speaker, that is a matter for determination by the government.

WATER RESOURCES

OTTAWA RIVER—POLLUTION REPORTED COMING FROM QUEBEC

On the orders of the day:

Mr. Jack Roxburgh (Norfolk): Mr. Speaker, I should like to ask a question of the Minister of Energy, Mines and Resources to whom I have given notice. My question arises from a column in yesterday's *Citizen* on the subject of pollution. Mr. Dworkin, the *Citizen's* financial editor, points out that unlike Ontario, because of lack of—

Mr. Speaker: Order, please. I hesitate to interrupt—

Mr. Roxburgh: This is leading up to the question.

Mr. Speaker: Order, please.

Mr. Roxburgh: If you would let me ask it—

Mr. Speaker: Would the hon. member kindly resume his seat. I would ask him to give me an opportunity of making my speech. I would point out to the hon. member, and indeed to all members, that according to the rules hon. members should not refer to articles, newspaper reports or telegrams in prefacing their questions. A question should be asked directly.

Mr. Roxburgh: I will do that, Your Honour. I should like to ask the minister whether his department has done anything or is doing anything to correct pollution of the water of the Ottawa river, which is an interprovincial river, which pollution originates from the province of Quebec.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, an investigation in connection with the Ottawa river was conducted in recent years, but if my memory is good the investigation was not concerned with the problem of pollution in particular. However, I will put forward the hon. member's concern in future negotiations with Quebec regarding the matter of water.

I might add that we are now negotiating with Quebec on another water matter, and I will add this to the subject being discussed in the present conversations.

OIL

STEPS TO INCREASE EXPORTS TO UNITED STATES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the questions and answers yesterday with reference to the petroleum industry, is the Prime Minister now in a position to assure the house that the minister of trade or his officials are having serious discussions with the Department of the Interior in the United States of America in connection with increasing export targets for petroleum products, instead of having them cut back?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, discussions have been going on, and are continuing, between representatives of the Canadian government and officials of the United States government in connection with this matter.

EXTERNAL AFFAIRS

NORTH VIET NAM—ACCESS BY MEMBERS OF CONTROL COMMISSION

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Does the scene

which was shown on last night's C.B.C. television news of members of the international control commission being rebuffed in their attempts to gain access to North Viet Nam via a bridge represent the "channel to the north" that the minister talks of when discussing Canada's role on the commission?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my only reply to that question is that whenever the Canadian member on the commission wishes to go to Hanoi this access is extended to him at once. Mr. Moore was indeed there on January 6 for 11 days, and there will be another visit to Hanoi shortly.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker. In light of this most recent information that has been made available I wonder whether the minister would reconsider allowing Victor Moore when he returns to Canada to appear before the external affairs committee so the members of this committee can be informed of the viability of the I.C.C. at the present time.

Mr. Martin (Essex East): Mr. Speaker, I have given consideration to this suggestion which the hon. member made in a question the other day. I do not think, in view of the nature of Mr. Moore's recent assignment, or that of his successor, that this would be a helpful way to reach the objective the Canadian government and the Canadian people have in mind.

Mr. Douglas: Why not?

Mr. Martin (Essex East): For the simple reason that there is too much public discussion about this matter. If we want to bring the war to an end I think it is time we showed more prudence.

Some hon. Members: Oh, oh.

Mr. Churchill: We thought it was Hellyer who was the dictator.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and arises out of his answer to the question put by the hon. member for Prince. Does the minister feel that the appearance of Mr. Moore before the external affairs committee, either in camera or otherwise, would be of no benefit to the members of the committee, and that their knowledge of external affairs and Canada's foreign relationships would be so primitive, as suggested by the Minister of National Defence, that the experience would not add to this knowledge of foreign policy?

Mr. Speaker: Order. I do not think the question is in order.

Mr. Martin (Essex East): Mr. Speaker, may I answer the question?

Mr. Speaker: If the house allows the minister to reply to the question. However, I suggest it is not a question but argument.

Mr. Martin (Essex East): Mr. Speaker, I can very well understand—

Some hon. Members: Order.

Mr. Speaker: Order, please. Obviously the minister has not unanimous agreement to reply to the alleged question.

Mr. Churchill: I have a question—

Mr. Speaker: The question was disallowed. There can not be a supplementary question.

PROPOSED TRIP BY PRIME MINISTER'S PARLIAMENTARY SECRETARY

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Secretary of State for External Affairs that I am sure he will like to answer. I ask about the proposed world junket that his department is arranging for the Prime Minister's parliamentary secretary. Is the hon. member for Leeds (Mr. Matheson) being sent on a public expense tour because he prefers the Minister of National Defence to the Secretary of State for External Affairs as a future prime minister?

Mr. Speaker: Order, please. The question is not accepted. It is not necessary for me to say that it is at least hypothetical.

[*Later:*]

Mr. Churchill: I have a question for the Minister of Trade and Commerce. I understand that the hon. member for Leeds will go on a world wide fact finding tour, visiting Britain and France to investigate trade problems. We realize that the minister needs assistance. Is this the type he desires?

Mr. Speaker: Order, please.

[*Later:*]

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I wish to direct a question to the Prime Minister, and I hope it will be allowed. Considering the great interest

shown by the house in the Far East, could the Prime Minister give some indication what topics will be discussed during that part of his parliamentary secretary's tour?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the scope and nature of the visit of my parliamentary secretary to the Far East has been greatly exaggerated in the press statement which I saw this morning. He was invited some time ago to visit Taiwan by the government of Taiwan and accepted that invitation with my approval because it was considered useful to have a Canadian government representative visit there. While in the Far East he will take advantage of the opportunity to visit two or three other countries in Asia and then he will return to Canada.

LABOUR CONDITIONS

NOVA SCOTIA—TRANSFER OF COAL OPERATIONS TO CROWN CORPORATION

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I want to ask the Prime Minister a question arising out of press reports of certain discussions held in Nova Scotia. I should like to ask the right hon. gentleman whether the government is now prepared to consider extending the area of operations of the proposed crown corporation in Nova Scotia to take over all possible operations, including steel plants in Nova Scotia?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not in a position to add anything to what I said on this matter a week or so ago, when I replied to a similar question that it is not our intention at the present time to extend the field of operations of this corporation.

Mr. Lewis: A supplementary question. May I ask the Prime Minister whether it is not the view of the government of Nova Scotia that this extension of the authority of the corporation should be made; and is it not advisable to do it now while negotiations with the province and DOSCO are under way?

Mr. Speaker: Order, please. This question is argumentative.

Mr. Donald MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. In view of the answer the Prime Minister has just given to the hon. member for York South, may I ask the Prime Minister whether he would look at the previous answer given to this question to see if there is not a clear indication in that answer that the government was considering taking over steel plants? All the Prime Minister needs to do is to check his own answer.

Mr. Pearson: Mr. Speaker, I do not think that can be read into my previous answer, which I will be glad to look into again.

[*Later:*]

Mr. MacInnis (Cape Breton South): Mr. Speaker, my question is actually one of privilege arising from the Prime Minister's answer to the hon. member for York South, his answer to my supplementary question, and the implication that something was being read into his answers that was not there. To substantiate my question of privilege with respect to the fact—

Mr. Speaker: Order. I wonder if the hon. member might raise his question of privilege when the question period has expired. I am afraid we might use up the time that is required by hon. members who want to ask questions.

[*Later:*]

Mr. Speaker: The hon. member for Cape Breton South on a question of privilege.

Mr. MacInnis (Cape Breton South): Mr. Speaker, the question I wish to bring to your attention arose from the answer given by the Prime Minister to the hon. member for York South, his answer to my supplementary question, and the implication that hon. members were reading something into his answers which was not there.

For the benefit of the house, and particularly for the benefit of the Prime Minister, I would direct attention to *Hansard* for January 12, 1967, at page 11692, second column, where my question to the Prime Minister was recorded as follows:

> Would the right hon. gentleman consider the purchase of DOSCO as a unit in order to maintain the steel operation where it now is, rather than provide a springboard for the transfer to Quebec?

The Prime Minister's answer to me was:

> This is a far reaching question involving government intervention in industry, and one which I certainly do not wish to answer on the orders of the day. It is too important to deal with in this way. There will be an opportunity to discuss this whole matter before long in connection with legislation, or even earlier. This will be one of the aspects of the question that will be considered.

The Prime Minister has referred to the fact that I have taken certain inferences from

answers given to me with respect to industrial problems in Cape Breton. I would respectfully ask him to review his own answer and to realize that this is a promise which he has already made.

Mr. Speaker: Order, please. I hardly expect the house would want me to rule on the question of privilege. I suggest to the hon. member that he is simply arguing the point. He disagrees with an interpretation made by another member of the house, and that is not a question of privilege.

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, on this same question of privilege—

Mr. Speaker: Order. If hon. members want to undertake a full fledged debate on this question of privilege I will hear them, but I suggest with respect, to the hon. member for Cape Breton North and Victoria, that I have ruled there is no question of privilege. I suggest to him that we should not pursue this debate.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, there is no one I would rather listen to than yourself, because you grace your position with great honour and I should take your advice, but on this occasion I would like to assert my privileges in the house. Further to what the hon. member for Cape Breton South has said, on that same day I posed questions to the Prime Minister following questions asked by the Leader of the Opposition and the hon. member for Cape Breton South. In the right hon. gentleman's reply already referred to by the hon. member for Cape Breton South he said:

> This is a far reaching question involving government intervention in—

And I would ask you to notice, Mr. Speaker, that he said at that time "in private industry."

Right Hon. L. B. Pearson (Prime Minister): No, I did not say at that time "in private industry". I said "in industry".

Mr. Muir (Cape Breton North and Victoria): I heard what the right hon. gentleman said. Next day when it appeared in *Hansard* I mentioned it specifically to the house leader of our party and referred to the fact that "private" had been eliminated or deleted from the proceedings of *Hansard*. To verify this further may I draw Your Honour's attention to the fact that in my supplementary question to the Prime Minister I said:

> I assume that when he previously mentioned taking over private industry, that pertained to the coal industry.

The reason I mentioned "private industry" was that I was reiterating what the right hon. gentleman had already said when he referred to private industry.

I might also add that when I mentioned this to the hon. member for Winnipeg South Centre (Mr. Churchill) he said "Keep your eye on it. Put a note in *Hansard*. It will certainly come up again, because it has been deleted." I would like to make that point because there appears to be a change. When we were referring to private industry I naturally assumed we were referring to the DOSCO steel industry in Sydney. Not only that, but the writer for the Halifax *Chronicle-Herald* assumed the same, and I am sure the right hon. gentleman and his colleague from Inverness-Richmond (Mr. MacEachen) interpreted it in the same way—

Mr. Speaker: Order, please. I respect the hon. member as much as he respects me, but in spite of this I have to rule against his question of privilege.

Mr. Pearson: In view of what has been said, Mr. Speaker, I assume you will give me an opportunity to reply. It should be made quite clear that in my reply to this question I said:

> This is a far reaching question—

That is the question of DOSCO steel industry.

> —involving government intervention in industry—

Mr. Muir (Cape Breton North and Victoria): "Private".

Mr. Pearson: The word "private" does not appear.

Mr. Muir (Cape Breton North and Victoria): That is right; it does not appear now.

Mr. Pearson:

> —in industry, and one which I certainly do not wish to answer on the orders of the day .... There will be an opportunity to discuss this whole matter before long in connection with legislation—

Surely my hon. friend does not wish me to say to the house that there will be no opportunity to discuss this matter when something comes before the house in terms of legislation. That is what I had in mind, and the words make that quite clear.

Mr. Speaker: Orders of the day.

Mr. MacInnis (Cape Breton South): Further on the question of privilege—

Mr. Speaker: Order. The hon. member has already spoken. He cannot speak twice on the same question.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker—

Mr. Speaker: The question of privilege in any event has been ruled out, but I will hear the hon. member's point of order.

Mr. MacInnis (Cape Breton South): My point of order involves the reference just made by the Prime Minister to a question which was put to him in respect to the matter of DOSCO as a unit and the steel operation in particular, and the Prime Minister—

Mr. Speaker: Order, please. This is not a point of order. From the beginning it was my impression that there was no actual, justifiable question of privilege. Hon. members know what a question of privilege is. I am sure I do not need to quote the various precedents, chapter and verse. A question of privilege arises in respect of a very extreme matter such as a breach of the privileges and rights of hon. members in a very serious manner. To my mind there is no relationship whatsoever between a question of privilege and an argument in respect of the interpretation of a statement made in the house. I have ruled against both hon. members, and I do not think the subject matter should be pursued further. I suggest this, with great respect, to the hon. member.

Mr. MacInnis (Cape Breton South): Mr. Speaker, on a point of order I should like to call the attention of the Chair and the house to the fact that when the Prime Minister mentioned this problem he definitely eliminated the last sentence which provided the answer in respect of which I raised my point of order in the first place.

Mr. Speaker: Order.

[*Translation*]

WATER RESOURCES

GRAND CANAL—DISCUSSIONS BETWEEN ONTARIO AND QUEBEC

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to direct my question to the hon. Minister of Energy, Mines and Resources.

Inquiries of the Ministry

Has the minister recently met with the Quebec and Ontario authorities with regard to the Grand Canal project?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): No, Mr. Speaker.

[*English*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I wish to direct a question to the Minister of Fisheries, but in his absence I direct it to the acting minister. Would the acting minister please advise the house whether he would consider making a grant to the provincial government of Newfoundland-Labrador to purchase food for "Moby Joe", an 80-ton finback whale now stranded off the coast of Newfoundland?

Hon. J. W. Pickersgill (Acting Minister of Fisheries): Mr. Speaker, I shall be glad to give that question all the consideration its obvious importance merits.

Some hon. Members: Oh, oh.

HEALTH AND WELFARE

HALIFAX—REQUEST FOR ASSISTANCE FOR MEDICAL BUILDING

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, my fishing expedition is directed to the Minister of National Health and Welfare. Has the minister received a request from the provincial government of Nova Scotia for more assistance under the Health Resources Fund Act, passed during this session, for the Sir Charles Tupper medical building in Halifax. If so, what action will be taken to meet this reasonable request?

Mr. Speaker: I suggest to the hon. member that this question should be on the order paper.

NATURAL RESOURCES

OFFSHORE MINERAL RESOURCES—REFERENCE TO SUPREME COURT OF CANADA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. In view of the announcement by Hon. Donald Brothers, minister of mines for British Columbia, that the provincial cabinet had approved an order reserving the continental shelf rights for the

crown, and considering that the constitutional question of the ownership of the continental shelf has been referred to the Supreme Court of Canada for a decision, has the Prime Minister any comment to make with respect to this unusual announcement?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think it would be appropriate for me to comment on a matter now before the Supreme Court of Canada.

Mr. Herridge: A supplementary question, Mr. Speaker. Am I correctly informed that Hon. Donald Brothers agreed with some of the Prime Minister's colleagues, when he was in Ottawa conferring about this question, that the proper way to deal with it was to refer it to the Supreme Court of Canada.

Mr. Pearson: Mr. Speaker, as this question involves the attitude of a member of a provincial government, I had better check the record.

Hon. D. S. Harkness (Calgary North): A supplementary question, Mr. Speaker. Does the Prime Minister or the Minister of Justice know when the decision of the Supreme Court in this matter may be expected?

Mr. Pearson: We have no information, Mr. Speaker. We hope that the decision will be produced with the least possible delay as it is important to clear the legal aspect of the matter.

Mr. Thomas M. Bell (Saint John-Albert): My question is supplementary to the matter of offshore mineral rights. Has the government received communications from the premier of New Brunswick on this matter. Would the Prime Minister check into this, and if communications have been received will he table the letters?

Mr. Pearson: I shall be glad to look into that, Mr. Speaker. I am not aware of any communication of that kind from the premier, but one may have come and I shall look into it.

AGRICULTURE

ALLEGED FAILURE TO SEND STATEMENTS WITH PAYMENTS TO DAIRY PRODUCERS

On the orders of the day:

Mr. E. Nasserden (Rosthern): In the absence of the Minister of Agriculture, Mr. Speaker, my question is for the Prime Minister. Is the Prime Minister aware of the failure of the Minister of Agriculture to send statements with payments to dairy producers?

[Mr. Herridge.]

What action will the Prime Minister take to correct this situation?

Right Hon. L. B. Pearson (Prime Minister): I know of no failure on the part of the Minister of Agriculture.

Mr. Nasserden: A supplementary question, Mr. Speaker. If the Prime Minister will take the trouble to inquire he will not have difficulty discovering that statements have not been sent with these payments.

Mr. Speaker: Order, please.

HISTORIC SITES AND MONUMENTS

ABBEY HOUSE, LONDON—PLAQUE MARKING ROOM WHERE B.N.A. ACT DRAWN UP

On the orders of the day:

Mr. Jim McNulty (Lincoln): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. I believe there is considerable urgency, as I understand that Abbey House, a building adjacent to the Houses of Parliament in London, is about to be demolished. It was in a conference room in Abbey House that the terms of the British North America Act were drawn up. The room is marked by a plaque to commemorate this event. I am sure the house would like to know what the government intends to do to preserve this plaque.

Mr. Speaker: Order, please. Perhaps the house may be apprised of what the government wants to do by way of the order paper.

[*Translation*]

CANADIAN CONFEDERATION

QUEBEC—SUPPORT FOR PROPOSED NATIONAL CONFERENCE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to direct a question to the Prime Minister.

The premier of Quebec, Mr. Daniel Johnson, following the premier of Ontario, said yesterday at a press conference in Quebec city how pleased he would be to take part this year in a conference on the constitution. Would the Prime Minister agree to change his attitude and take right now the initiative in calling such a national conference?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think I should wait for the prime minister of Ontario to reply to my communication before making further statements on this.

[*Translation*]

HOUSE OF COMMONS

INQUIRY AS TO HOLDING OF BY-ELECTIONS

On the orders of the day:

Mr. R.-E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, I wish to direct a question to the Prime Minister.

Since it would be advisable that all ridings be represented in the House of Commons during centennial year, could the Prime Minister tell us if a date has been set for by-elections in the ridings of Hull and Sudbury and, if so, when it will be announced?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): I share my hon. friend's interest in this date. It will be announced before long.

PAYMENT TO EMPLOYEES FOR OVERTIME AND LOST HOLIDAYS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): My question is directed to the government house leader. Can he tell this house why the loyal and efficient employees of parliament did not receive payment in January for lost holiday time and overtime, some of which goes back to 1964? The employees were under the impression that such payment had been agreed to by those responsible.

Mr. Speaker: Order, please. This question cannot be asked now. It is the type of question which should be directed to the Chair in writing.

Mr. Winch: Mr. Speaker, I understood—

Mr. Speaker: Order, please. There can be no discussion on the point.

FINANCE

MERCANTILE BANK—SPECIAL PROVISION RESPECTING FOREIGN SHAREHOLDINGS

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance and it is based on a news report in today's Ottawa *Citizen*.

An hon. Member: You cannot. Order.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I can base it on a report; I will not quote it. The report appears to show that the minister is negotiating with the Mercantile Bank of Canada to arrange a special provision for that bank not applicable to other

Canadian banks. I ask the minister if the government is considering giving a special privilege to the Mercantile Bank, or the National City Bank of New York, with regard to permitted foreign shareholdings in a Canadian bank.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the short answer is no. Perhaps I should add that, as the newspapers reported, I did meet with representatives of the Mercantile Bank yesterday, but they made no proposals to me and I made none to them. The situation was not advanced at all by the meeting we held.

WATER RESOURCES

PEMBINA RIVER—INQUIRY AS TO COMMISSION REPORT

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question which I wish to direct to the Secretary of State for External Affairs. I apologize for not giving him prior notice. Perhaps he will take this as notice and give an answer within the next day or two. Would the minister bring the house up to date on the Pembina river development project that affects important agricultural areas of North Dakota and Manitoba and is presently being considered by the International Joint Commission?

Hon. Paul Martin (Secretary of State for External Affairs): As the hon. gentleman has suggested, Mr. Speaker, I shall take the question as notice.

ADMINISTRATION OF JUSTICE

NOVA SCOTIA—INQUIRY AS TO APPOINTMENT OF CHIEF JUSTICE

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, with the greatest respect to Hon. James Ilsley, who passed away just a short while ago, will the Prime Minister advise the house on his current thinking with respect to the Supreme Court of Nova Scotia and the filling of the office of chief justice of that province?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it would take far too long to express my current thinking on this matter on orders of the day, but we hope to make a statement soon on this important post.

DIVORCE

APPEARANCE OF PROVINCE OF ONTARIO BEFORE JOINT COMMITTEE

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wish to direct a question to the hon. member for High Park who is the chairman of the joint committee on divorce. Has the province of Ontario made any application to appear before the joint committee on divorce which is now hearing the views of different groups.

Mr. A. J. P. Cameron (High Park): Not to my knowledge, Mr. Speaker.

• (3:30 p.m.)

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed, from Tuesday, January 31, consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, in my closing remarks last night I had begun to refer to the economy which is supposed to be effected by the unification of the armed forces. The minister and his propaganda team have attempted to leave the impression that there will be a saving in respect of defence. In this regard they have made many references to the white paper of 1964. I challenge any member on the government side of the house to show me where in the white paper of 1964, there is any reference to savings for the Canadian taxpayer in respect of defence spending. This is only a further indication of what the minister's propaganda team is doing.

I should like to quote in part from an editorial which appeared in the Winnipeg *Free Press* under the heading "False Economy":

> This pattern of local unit identification, developed by the early settlers all across Canada to guard their homes, has been a mainstay of Canadian defence services all through the years. Due to our vast geography, local regimental identification has been a more important factor in Canada than perhaps any other country.
>
> In the past week a series of three articles on this page outlined two major errors in the government's current plan to integrate the three defence services completely. It is considered by many qualified observers that by sacrificing regimental spirit and identification Canada will lose far more than she can gain in dollar economies or efficiency by forcing integration down to the level of combat units, either army, navy or air force.
>
> As indicated in the earlier articles, England, although adopting a degree of integration, after a serious study of the factors has stated that regimental identification of combat units will be preserved as an absolute essential to morale.

Yesterday I referred to the fact that we now have a propaganda team working under the minister. This is a most shameful occurrence in a country such as Canada. Is it any wonder that the C.B.C. disregarded the representations made in parliament by the representatives of the Canadian people and televised an interview with von Thadden of Germany, when here Canada under this Minister of National Defence a propaganda team, has been established, something which belongs only under a dictatorship? As I indicated, these gentlemen who have appeared in the gallery recently and have passed notes back and forth feeding to the press propaganda which the minister himself cannot get across should be ashamed of the fact that they are on such a team. If they have any pride they should retire or resign immediately. They are as guilty as the minister. They are participating in something originated by this minister which we should not have to put up with. Again I say, is it any wonder that the C.B.C. would defy authority and do business with a neo-Nazi?

On the matter of unification the minister and his propaganda team are directing their propaganda to one segment of the economy. The minister says that the veterans and serving officers and men of the Canadian armed forces do not mean a thing. They are directing their propaganda to an age group which has never had any personal involvement or experience with the armed forces of this country. They say this is where the voters are and that these are the people whom they have to convince.

I ask the minister, where is the support for unification in his own party? I have yet to hear one member of the government defend the policy of unification. In fact during all the time I have been present in the house I do not recall an occasion when even a member of the Liberal defence committee has risen to defend it. Why are they not taking part in this debate? Why are they not supporting the minister? It must be because they do not believe in unification. If they did, that would be all the more reason for them to stand up and say so. By their silence it is very obvious that they cannot find in themselves any desire to get up to speak out on behalf of the minister and his policy in respect of unification. Not one member of the defence committee

from the Liberal side of the house has taken the opportunity during this defence debate to stand up and support the minister's approach. I said "the minister's approach". I must apologize; that is all wrong. The propaganda team has sold the minister on this policy. In fact I think they did a snow job on the minister. They have convinced him that they are doing the right thing and he has swallowed it. So far as I can see he is the Charlie McCarthy end of the Bergen-McCarthy team.

There is no doubt that Mr. Lee has been brought in as the team manager. He has taken over; he is the puppeteer and the minister and his colleagues are dancing to his tune. He is pulling every string. When members of the defence staff have something they want to direct to the minister's attention they have to know how they stand with Lee before they do anything because he is the man who is directing Canadian defence. Mr. Lee and his cohorts are a great bunch of note passers. I will not go into that further but will leave it there. Mr. Lee is the man who is directing everything that goes on. Perhaps there may be some competition from those involved in private industry who may be looking to him as a public relations man. What he has done to the defence minister is absolutely astounding. When we examine what we have as a defence minister we will realize just how far Mr. Lee has taken him.

• (3:40 p.m.)

Among the ideas they have sold the Canadian people is the one that Canada is leading the way in unification and that this defence policy will be copied by every other nation in the world. That is a downright lie. We have had indications from the British people that unification is impossible and they want no part of it. They have maintained that regimental identification of combat units must be preserved as an essential of morale. That is the approach of the British. The United States has also turned thumbs down on this idea and wants no part of it. New Zealand examined it and wants no part of it.

One British expert, in commenting on unification of the services in Canada, summed up the situation very nicely when he said that Canada cannot afford Hellyer's economies. That statement was made by a leading British authority who suggested, in spite of the minister's claims that it would effect a saving for the country, that Canada could not afford that kind of economy.

Let me again direct the minister's attention to the propaganda squad that has been brought to the House of Commons. I should like to quote from an editorial which appeared in the Toronto *Globe and Mail* today, and again this is recommended reading for the minister. Under the heading "A contempt for Parliament" it is stated:

> For a government that considers unification of the armed forces so important as to rate second-to-top priority on this session's legislative list, and for an opposition that considers the unification legislation so terrible as to gird for a last-ditch fight to defeat it, both sides of the house were acting blasé this week. When the debate was at its height on Monday, there were only 25 MPs in the commons, five Tories, 13 Liberals, five New Democrats, one Socred and one Creditiste.
>
> The fact that nobody else seemed much interested did not, however, justify Defence Minister Paul Hellyer in his behaviour, or in the tactics he permitted to be introduced into the house.
>
> The minister sat for the most part silent and inattentive, giving the impression that he was not even listening, only rarely rising to meet a point. But up in an official's gallery of the house the minister's executive assistant, William Lee, and a small army of other defence department supernumeraries met every attack of the opposition with a rain of pamphlets, copies of speeches, information sheets and whispered points directed at members of the press gallery.

This is an indication of the contempt that the minister has shown for parliament. The approach he has taken in this regard can be likened to a springboard from which he has launched a propaganda machine. The Prime Minister (Mr. Pearson) and other members of the cabinet should take a good look at this approach and put a stop to it immediately. The minister has gone too far in his contempt of parliament.

An hon. Member: It is like the truth squad.

Mr. MacInnis (Cape Breton South): Yes, this seems to be a followup of the truth squad. The minister should remember what happened to the Secretary of State (Miss LaMarsh) as a result of her association with that group.

The minister may sit in his place in silence if he wishes, but I suggest that is a contemptible approach to his responsibility to this country. It is a contempt of parliament on the part of this so-called Christian gentleman. If that is the attitude adopted by members of the government it is no wonder that representations made to the C.B.C. were ignored and that the interview with a neo-nazi was carried on television.

Let me make further reference to this editorial in respect of the minister's contempt of parliament:

> What Mr. Hellyer disdained to answer on the floor of the house his faithful assistants, that army of the non-elected, made certain reached, in its most favourable form, the ears of the press.
>
> It was a performance that showed contempt for the practices and principles of parliament, and one that would not have been permitted to continue five minutes in Westminster. The Mother of Parliaments belongs to the elected representatives of the people, and oppositions attack and ministers answer on the floor of the house. All others are present on suffrance, and the minister cannot catch 40 winks while his flunkies by-pass the other half of parliament to take the word direct to the news media.
>
> Mr. Hellyer may be an exceedingly efficient administrator—

I disagree completely with that opinion. The editorial continues:

> —but the more one sees of his attitude toward parliament, of what can only be described as his arrogance toward parliament, the more one must question his aspirations to lead his party.

To that I would add, amen. The minister has continually disregarded questions posed to him in respect of defence matters and he refers to anyone who does not go along with the information passed on to him by Mr. Lee, which he uses as his own, as archaic. What else can one expect from a McCarthy-Bergen team? The minister should take a leaf from the page of his colleague, the Minister of Trade and Commerce (Mr. Winters), who stands up in this house and presents prepared answers to questions he has been asked. All the questions we have directed to the Minister of National Defence have been ignored, and I am quite sure that unless they were brought directly to the attention of Mr. Lee he would not understand them.

Not too long ago I directed a question to the minister, and I was not being facetious, but in spite of the fact he has had weeks to look into the matter he has yet to provide me with any answer. We have already had an example today of an answer that was incomplete but at least the department concerned gave some answer. The answer to the question I asked might well have been of some advantage to the Liberal party. It was my understanding that experiments were being carried out in respect of providing packaged dinners to service personnel.

Mr. Speaker: Order, please. I am wondering whether the subject matter of the hon. member's comments at this time have any reference to the second reading of the bill before the house.

[Mr. MacInnis (Cape Breton South).]

Mr. MacInnis (Cape Breton South): Mr. Speaker, with all due respect I think any matter concerning defence is relevant. The subject of rations is a vital consideration in the matter of unification because without proper rations we will not have any forces to unify. I remember an old saying to the effect that an army travels on its stomach. That is as applicable today as it was 200 years ago and it is applicable not only to armed forces but to all of us. I venture to suggest that members of parliament would not care to go upstairs and be served packaged dinners. Our armed forces personnel do not deserve that kind of treatment.

• (3:50 p.m.)

The Department of National Defence apparently has been experimenting with packaged dinners, T.V. dinners as they are commonly called, as a method of feeding our armed forces. If that is so and that type of ration is to be adopted, I am sure some packager will receive a lucrative contract. No doubt that kind of patronage will be handed out by the Liberals in the usual way. This would no doubt have a great bearing on whether the experiment would be carried out. I have yet to receive a denial from the minister or an answer of any kind to that question. I received this information from a source I have no reason to question. As far as I am concerned, until I receive a definite no on this matter I believe the Minister of National Defence is again taking a very precarious step and one that will lead to nothing but augmenting the coffers of the Liberal party by way of lucrative contracts.

I have also asked the minister a question in respect of another matter. I have asked him to provide me with a proper answer and again he has failed to do so. I interpret his silence as meaning that if both these questions were looked into the allegations I have made would be borne out. The second one involves an incident that took place at Camp Gagetown where a number of army servicemen were paraded, if you please, before a senior R.C.A.F. officer to be told about promotions. It is my understanding that when these young men were paraded it was indicated to them that promotion would be available to them if—and here was the condition—they would leave their families behind when their units went overseas. I will allow a little time to the minister for that matter to sink in.

Mr. Speaker: The hon. member should not give the minister too much time because his time is just about up.

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): Fair enough, Mr. Speaker. It has registered now, and I am quite sure that somebody in the gallery has taken note of it. I ask the minister to consider this army procedure of giving promotions only if members of the armed forces will leave their families behind when their units go to Germany. This is an approach one would expect from nobody else but the Minister of National Defence, because anybody with any experience or knowledge of the services realizes that it is a most detrimental and degrading step. But, then again, it was introduced by the Minister of National Defence.

[*Translation*]

Hon. Léo Cadieux (Associate Minister of National Defence): Mr. Speaker, I shall start with a stock phrase: another day, another speech.

At the outset of my remarks, I thought of pointing out that since the beginning of this debate on the unification of the armed forces most speakers have noticeably dealt with the subject with much restraint and objectivity and that everyone has put forward ideas that I find, constructive even though I do not approve them all. I am taking the liberty just the same, in spite of fairly recent events, of passing this remark and congratulating the members of the opposition on their participation in this debate.

On the other hand, I must attempt, in a general way, to restate the theory they have set forth. It seems to me that most Conservative members feel they are in favour of a status quo, that is, they accept and even endorse integration, but they wish to stop its progress at this point. I think my friends opposite will find that I am explaining their thinking correctly in saying that.

They are in favour of the status quo. Consequently, the status quo means that they are for integration, but against unification.

On this side of the house, we claim that integration and unification are simply different stages of the same operation. We advance from integration to unification, which is a logical consequence of integration. This attitude could naturally be expressed by a joke which has been made on the subject and, with all due respect for my hon. friends opposite, I should like to recall it. On the basis of comparison, it was said that they are in favour of conception, but against motherhood. Yet, one follows the other. It seems to me, in any case, that some things are being overlooked in all this question of integration and unification of the forces, when the status quo or even, in some cases, backtracking in being urged. My esteemed friend for Calgary North (Mr. Harkness) waxed nostalgic, the other night, over the three former services. I cannot blame him, but I noted that he was nostalgic over the services at a time when all of them were divided and operated separately, except on occasion, when they might come together, and I said to myself: We are no longer involved in integration, we are backtracking.

There is nevertheless a fact that must be taken into account, Mr. Speaker. It is that the government has some responsibilities. Everything is changing these days, and it certainly is not the time, in an area as significant and important as national defence, to ask the government to advance in every area except in the area of defence. And among the various responsibilities of government, one of them is to ensure that Canada continues along the road to peace and prosperity. Any nation, large or small, cannot negate the vital task of keeping abreast of the progression of new ideas.

• (4:00 p.m.)

Indeed, the government would be shirking its responsibilities to the nation and to the people if it did not incorporate new ideas and new ventures which generally can provide our citizens with a better life and better opportunities.

In the field of defence, this government seemingly is providing a force structure which will enable Canada to maintain its sovereignty, which is of course the first objective, and at the same time to make its contribution toward the maintenance of international peace and the deterrence of war. In so doing, we in government would be neglecting our responsibilities to the nation if we did not ensure that the very large portion of money allotted to defence will be spent in a manner which will give our forces the proper equipment they require to support our national and international objectives.

I am convinced we can do this and at the same time generate savings. I feel that the government is more than living up to its responsibilities, to its mandate, in this regard.

As we look at the world we live in, we find ourselves in an era of advanced technology where the armed forces of countries both large and small, possess greater fire power than ever before. We find ourselves in a world whereby fire power has increased so much that we in turn must increase the protection for our troops in the field. We find

ourselves in a mechanized world of armoured personnel carriers, ships that can wash themselves of nuclear fall-out, and self-propelled howitzers which carry their own armoured protection.

We live also in a world of instant communication, of orbiting satellites, tactical communications and radio facilities which can reach any part of the world almost instantly. Thus we live in a world of mobility where long-range heavy transports can fly troops and equipment to the most remote parts of the world at a moment's notice; where helicopters can carry troops to the front lines of battle; where very short take-off tactical fighters and transports have all become part of the armed forces inventory.

Realizing this, it is obvious that no country can be insular. No country can stand alone in the world and say—we are not a part of the international community or we are not affected by the events of the world. And because of all these things, it is clear that each brush fire war which now occurs, has the inherent, potential danger of escalating to an international conflagation. Every armed dispute between any nations must be viewed as one which has a potential danger of disrupting international stability, thereby endangering national security.

We are all aware of these dangers and we are also aware that even the large stable alliances such as NATO must be designed, not only toward stopping a major assault, but also toward stopping minor conflagrations which may break out on any flank. Recognizing this, Canada undertook to provide to the Supreme Commander of NATO, a 1000 man force to the ACE Mobile Force in Europe. It is in this sort of contribution that Canada recognizes her international responsibilities and fulfils her desire and her intention toward maintaining international stability and the deterrence of war.

With these responsibilities in mind, there are a number of options that were available to Canada in the early '60s. We could, for example, contribute all our forces toward the maintenance of peace by placing our forces under the United Nations. As someone has said—"We could put all our eggs in the peacekeeping basket."

The second option open to us was to commit all our forces to the deterrence of war by making additional contributions to NATO and to NORAD and by building up our nuclear capability beyond all reasonable and even logical requirements.

[Mr. Cadieux (Terrebonne).]

The third option was to keep only enough forces that we would require to maintain our national sovereignty.

Let us examine these three options. If we committed all our forces to the United Nations, then it seems to me we would have to depend upon the United Nations to maintain our national sovereignty, but since the United Nations has neither the military structure nor the forces currently available to undertake such a task, we would be neglecting our responsibilities to the nation and our role which is precisely to maintain national sovereignty.

If we committed all our forces to the deterrence of war in such organizations as NATO and NORAD, we would be neglecting our international responsibilities to the United Nations by not having the forces available for United Nations peacekeeping and peace-restoring actions.

If we undertook the third option of only keeping forces to maintain our national sovereignty, we would place ourselves in an impossible insular position and we would not be living up to our international responsibilities. To put it in very frank terms, we would be saying—"I'm alright Jack, and the rest of the world be damned". That would not be living up to our international responsibilities in the family of nations.

Thus we come to a fourth option. This is the option we have taken. This is the option which permits us to create a proper mix of forces which can be used to contribute to international peacekeeping, which can be used to contribute to the deterrence of war and which can be used to maintain our national sovereignty. This, to me, is the only logical option available to a country of our size, with our population and with our resources. With due respect to those who would suggest that we should take one of the other options, I would simply say that I do not think that the greatest number of Canadians would agree with you.

The Canadian choice of the option that I have just described has been taken because we possess the advanced technology required by our forces to engage in the deterrence of war. The Canadian choice has been taken because we have the resources and the manpower which permit us to accept this proper mix of forces. The Canadian choice for this option has been taken because we are able to produce or procure the necessary equipment for our forces to participate in these various types of conflict.

• (4:10 p.m.)

Above all, however, the Canadian choice of these options has been taken because as good neighbours to all nations, we wish to make our contribution to international stability. For all these reasons, we firmly believe that our choice of these options is not only the right choice but the only choice. I think that Canadians have a sense of pride in the members of our armed forces who are doing their job in NATO, NORAD, in the United Nations and in every part of the world where Canadians are making a contribution to international peace and to the deterrence of war.

Mr. Speaker, there has been a great deal of discussion by members of the opposition regarding our force structure. From what I can gather, and they expressed opinions which in some cases are contradictory, I understand they would have us create a separate force for UN duties; another force for NATO; yet another force to maintain national sovereignty and possibly another force to keep at home for riots, insurrections or what have you. This would be simple, but, I submit, very, very expensive. In fact, Mr. Speaker, it would be a waste of manpower and money.

What we have done and, what I suggest the members of the opposition conveniently ignored, is to create a functional command structure which permits us the flexibility to assign portions of one force to these commitments as the conditions and occasions require. This, in my opinion, is making the maximum effective use of our manpower, equipment and financial resources.

Look at it this way. We have made our choice of options. This choice includes contribution to the deterrence of war; the maintenance of peace, the continuance of national sovereignty and aid to the civil government for internal stability. In all the range of possibilities, there is only one case which comes to mind in which our force structure could not possibly operate. That case would have to include an outbreak of major war in Europe plus many UN peacekeeping operations in separate parts of the world, plus a direct enemy land/sea and air attack on Canada and finally insurrections in all the major Canadian centres. This is what the opposition wants us to prepare for, but I submit in such a case, Mr. Speaker, I doubt very much if any force structure we created would withstand the test. In fact what I am describing is total world anarchy—something which none of us realistically expect to happen.

On the other hand, it would be incomprehensible to have forces which are only trained and equipped to fight a nuclear war committed to UN peace restoring action or to restore civil order elsewhere. Now, I admit that there are the two extremes, but between these extremes we are committed to provide a force, or portions of a force, depending on the requirements.

This is the crux of the problem. From a single force containing land, sea and air elements, we must be in a position where we can detach the required portions necessary to fulfil a particular commitment. If the particular commitment requires a combination of land and sea elements, or land and tactical air elements, or just a land element we can provide this portion by detaching from the single force the strength and type of force required.

We can apply various combinations of this force at home and abroad as the case may warrant. It may be to stop an enemy lodgement on our shores; it may be to assist in UN peace restoring action; it may be to further assist NATO or it may be a combination of these tasks. The point remains, however, that with this type of structure we know what our force is, what it can do, how it can be supported and most important of all, we can give it the required flexibility to meet these changing commitments.

Now, some people have advanced the argument that all this can be done while retaining the three separate services. I suggest to them, however, that it is both dangerous and expensive to retain the separate services. It is dangerous because we have already experienced some of the bitterness of inter-service rivalries. We have seen previous cases where one service will press for particular equipment it feels it must have to carry out a specific function without relating that specific function to over-all defence objectives. We have seen previous cases where a particular service refuses to alter its equipment so that it can carry dual instead of a single function. We have seen previous cases where the purchase of military equipment by the services was made before government policy had been decided on the use of such equipment. In other words—and to this I think we can all agree—there have been times in past years where the three services have procured some types of equipment for themselves without any reference to the needs and requirements of the other services.

In so far as expenditures are concerned, I think that the expense required to maintain the three separate services is both unnecessary and unwarranted. I do not intend to list

all the areas of duplication and triplication necessary to maintain three separate services. They are well known to all members of this house, but here are some examples:

1. Separate and distinct uniforms.

2. Separate personnel policies and the duplication of manpower required to support these policies.

3. Duplication in areas of common training.

4. Duplication of the communications systems.

5. Different logistics systems.

I realize that the retention of the separate service identity is an emotional concern but in this emotionalism there are a number of illogical suggestions. To be perfectly frank, I am not concerned whether the Chief of Defence Staff is navy, army or air force. What I am concerned about is that we have the best Chief of Defence Staff available no matter what his previous service may have been.

Some hon. Members: Hear, hear.

Mr. Cadieux (Terrebonne): In a similar view, I want the Canadian Armed Forces to be able to pick the best man for every position despite the confines of his previous service. Only by removing the limits imposed by the three separate service concept can we make the maximum effective use of our manpower resources.

• (4:20 p.m.)

Mr. Speaker, having examined what the new force structure is capable of doing I want to draw the attention of hon. members to the equipment that these forces will be provided with in the early '70s. It has been suggested that we will have nothing but a peace-keeping force. Look at the $1.5 billion five-year program for re-equipping our forces:

Two more operational support ships which materially increase the effectiveness of our surface fleet; seven Restigouche class destroyers to be fitted with new submarine detection equipment and the ASROC anti-submarine weapon system; approximately 1000 armoured personnel carriers, command post vehicles, cargo vehicles and anti-personnel machine guns; self propelled 155 mm. howitzers for the brigade in Europe; anti-tank guided missile equipment; medium anti-tank weapons to replace present weapons in the field forces; a quadrapartite 81mm mortar having greater accuracy and lethality for infantry battalions. These are just some of the equipment purchases we are making.

[Mr. Cadieux (Terrebonne).]

Mr. Speaker, the equipment we are procuring combined with the force structure we have created gives us a capability to undertake a variety of tasks anywhere in the world. In cases where we can use our forces for different circumstances, we have insured that our troops will have the proper equipment and fire power to carry out their commitment.

Where we can employ our equipment for different purposes we have built in a dual capability. Thus, for example, our new operational support ships can not only provision the fleet at sea but carry heavy equipment and stores required to support our land forces wherever they may be assigned.

Our CF-104s, previously limited to a nuclear strike role, now have the dual capability of nuclear and conventional strikes. These are but two examples. There are more, for example, our CF-5 aircraft can be used for ground support but also have the ability to intercept and engage in air-to-air combat.

I am therefore convinced, Mr. Speaker, that our forces have been correctly structured to meet the needs and requirements posed by the events we face today and those we foresee in the early '70s.

In a similar vein, I am convinced that our forces are receiving the right equipment to carry out the defence policies of this nation.

Mr. Speaker, a few moments ago I mentioned unification and I heard again and again in this debate the question "What is meant by unification?" Here is what the Minister of National Defence (Mr. Hellyer) said about unification, and I quote:

"Integration-to-unification is a series of interlocking steps designed to provide Canada the best military course possible to meet our international obligations for a reasonable expenditure. It is quite difficult to determine any clean break between them because there was never intended to be one. Integration is actually the first phase of the total process of unification. Whatever special meaning the word may carry in any given context, in practical terms the process of integration can be but a means to an end and not an end in itself."

Or here is what Lt. General Moncel said about integration and unification:

"I must stress, however, that we must not allow integration to become our whipping boy. Far from being the cause of our troubles it is their best cure. In the final analysis, perhaps integration is the wrong word altogether and it is unification of which we should speak—one force with many facets operating at the will of our commands in the fulfilment of our nations defence policy.

I think there can be no mistake that integration and unification are well known and

that those who are particularly charged with operating a unified force know full well the terms and meaning of unification.

Coupled with the question about unification is the charge that we are creating a hybrid force. Frankly, Mr. Speaker, I do not see how it can be made more clear than the Minister of National Defence (Mr. Hellyer) made it when he stated on second reading:

> One general principle should be underlined again —the combat units will retain their identity and their specialized functions and training. It is important to state that it is not and never has been any part of the planning associated with unification to convert our servicemen to "jacks of all trades". An infantry soldier will not be asked to do the job of a sailor in a fighting ship; a sailor will not be asked to fight in an infantry platoon; and a fighter pilot will not be required to drive a tank.

And Gen. Moncel stated:

> There is however, one last point which I would like to make. It is that we shall retain sea, land and air units and formations, each with its own environmental expertise and professionalism, for exactly as long as our defence policy requires. In my estimation, this is likely to be for as long as human beings are inclined to quarrel with each other on the sea, on the land and in the air.

It is clear to me that the creation of one unified force, with land, sea and air elements is not the same as three separate forces, the Navy, the Army and the Air Force each with their own training, logistics, equipment and specialized tasks trying to co-operate on the same tactical problem. Three armed services trying to co-operate does not fulfil the criteria outlined by Gen. Moncel, and I repeat:

> One force with many facets operating at the will of our command in the fulfilment of our nation's defence policy.

Now another charge levelled by members opposite is that in this process of integration and unification there have been no savings. I would refer hon. members to an answer tabled in the house on October 19, 1966 in reply to this varied question. First, let me read in some detail some parts of the reply to that question:

> • (4:30 p.m.)
>
> It is not possible to relate specific details in terms of dollars to a particular fiscal year due to the time lapse involved for the necessary reorganization subsequent to actual decisions being taken. Savings already achieved through the integration of headquarters and services since July 1964:
>
> Headquarters—a reduction of 26% in staff; Training—a reduction of 13% in staff; Recruiting—a reduction of 33% in staff; Information Services—a reduction of 60% in staff; Construction Engineering —a reduction of 45% in staff; Cataloguing Section Materiel Command—a reduction of 26% in staff; Canadian Staff London—a reduction of 44% in staff; Canadian Staff Washington—a reduction of 34% in staff.
>
> Despite increased costs of materials, supplies and services generally actually expenditures for 1965-66 compared to 1964-65 show a net saving of $12 million.

To be perfectly fair, Mr. Speaker, I would be remiss if I did not also bring to the attention of the house an additional part of the answer where it is stated.

> It is forecast that additional savings due to integration in 1966-67 will not be sufficient to compensate entirely for continuing increased costs including the general military pay increase effective 1 October 1966.

But in all fairness, Mr. Speaker, I think all members will realize that the armed forces like the civilian economy, is suffering from the increase of costs found in any booming economy.

Next, I want to deal with the rumours that we are closing out bases. The hon. member for Halifax (Mr. Forrestall) raised this point on Monday night and I know that there is great concern in this area and other areas of the country. We have replied to this question, but I would like to bring our reply to the notice of hon. members and to the citizens of the country who are directly affected. We answered as follows:

> As was stated in the White Paper 1964, the aim of the reorganization of the Canadian Forces is the achievement of increased efficiency and economy based upon the overall national interest. The proper positioning and grouping of activities and forces, and their amalgamation where practical, is now under study, and it is anticipated that this study will extend over a considerable time. In any event no major bases, including Rivers, will be closed out during 1967. Of course, this does not preclude the possibility of moving units or activities from one base to another. If, and when a decision is taken to close out a specific base the maximum possible advance information will be provided to those who are directly affected.

In conclusion, Mr. Speaker, I want to say that I am firmly convinced that we are upholding our governmental responsibility to our armed forces and to the citizens of our country, when dealing with unification.

The force structure that has been created, the projected operational course of deployment planned for the early '70s plus the equipment we are purchasing through our five year $1.5 billion procurement program will enable our armed forces to carry out their duties and responsibilities in support of our national policy.

I am not convinced that we have in any way been secretive about our plans and projections. Canadians have never been more

aware of our plans concerning our defence policy than they are today. Some people charged that Canadians do not care about defence any more—that it is a dead issue—I do not believe that at all. I believe that Canadians have real knowledge of our defence policy and are secure in the knowledge that what we are doing in the field of defence is good for them and in the best interests of the nation.

Mr. Speaker, we are engaged in a discussions of the principle of unification. I believe the Canadian Armed Forces are anxious to carry out the task of unification.

We are not engaged in the process of destroying the old organization. We are on the threshold of developing a unified force which is the best type of force to carry out our defence policy. It may not be the best way for all countries. I do not know about that. But I am confident that it is the best type of force for Canada and fully in keeping with our desire to deter war and maintain international peace and stability.

[*English*]

Hon. J. A. MacLean (Queens): Mr. Speaker, I agree wholeheartedly with quite a bit of what the Associate Minister of National Defence (Mr. Cadieux) has said. I have a high regard for the associate minister and for the capable way he has carried out his duties.

Mr. Hellyer: Hear, hear.

Mr. MacLean (Queens): I regret that the time has long passed, if it ever existed, when I could say the same about the minister.

I agree with the associate minister that this question is important, and I hope he is correct when he expresses the opinion that Canadians generally have a vital interest in it. I should like to see some evidence of that. If it is so, I am delighted. It is important from many points of view, not only because of cost. In this fiscal year we are spending something like $1,575 million on defence. For a country such as Canada with its small population this means an expenditure of something like $75 to $80 for every man, woman and child.

But unification is vitally important from other points of view. It is important not only because of the cost of our defence effort and what we get for our defence dollars but also vitally important because in our course of action we are taking a virtually irreversible step in doing away with the defence set-up that has served us well over the years and substituting another one for it. No matter how unsuitable it may prove to be for Canada it will be almost impossible effectively to unscramble the situation and get us back to the position we are now in or something like it, regardless of how desirable returning to this situation may be.

I do not want to refer at great length to the associate minister's speech. He talked about things which are true and valid, the desirability of equipping our forces with modern equipment that is versatile, and that sort of thing. That does not necessarily imply that unification, as this bill before us would have it, is necessary to achieve these other desirable ends. In a number of instances the associate minister's reasoning was perfectly correct and valid but in some instances he started with false premises. Naturally, though his reasoning process was correct, he ended with wrong conclusions. He said that this is a time of change, that we have to be adaptable. Nothing could be truer. It does not follow that because you change you make progress. Progress is not automatic. Though you have to change to progress, it does not always follow that by changing you always progress.

When the debate began on this stage of the bill in December the minister spoke for an hour and three quarters. I read his speech carefully. It contains scarcely a statement which cannot be validly challenged. Last evening I saw some remarks reportedly made by the retiring president of the Canadian National, Mr. Donald Gordon. They describe Canada's difficulty at the present time. Mr. Gordon said, "It aint the things you don't know that gets you into trouble, it's the things you know for sure what aint so." In my judgment that is the difficulty with the minister. No matter what authority is quoted, no matter what facts are put forward he simply dismisses them by saying they aint so.

• (4:40 p.m.)

We could benefit by examining the experience of other countries in this important matter. Having one armed force instead of three is not a new idea. There is nothing new under the sun. Probably dozens of countries have thought of it but in every case have discarded it. In July, 1963, Great Britain produced a white paper entitled "Central Organization for Defence" which in part said:

> The object is to improve the central control of defence policy without impairing the efficiency and morale of the fighting services. Their separate identities will be preserved.
>
> The services must preserve their separate identities. In action they are increasingly interdependent. This interdependence must be expected to increase. Nevertheless all experience shows that the fighting spirit of the individual man in battle derives

largely from his loyalty to his ship, his unit, or his squadron. The traditions and battle honours of the individual services are a vital factor in morale and fighting efficiency. This must be preserved.

What has been the experience in the United States? Up to quite recent times, until the end of world war II, the United States had only two departments, a department of the army and a department of the navy. There was also the United States army air corps which in world war II was a very powerful and decisive force but it was not a separate armed service in the sense that we are speaking of now. After world war II the United States examined the whole problem of the administration of its armed forces. The joint chiefs of staff appointed a committee of outstanding army and navy officers in May, 1944, to examine thoroughly three basic systems of defence organization: (1) two departments—war and navy; (2) three departments—war, navy and air; (3) one department—defence. In this connection I quote from a history of the United States air force by Alfred Goldberg, and I should like to emphasize that he is talking about departments, not services.

After ten months of study and travel in every theatre of war, interviews with 52 key military and naval leaders, and one hundred separate meetings in Washington, D.C., the JCS Special Committee, in March 1945, recommended a plan for one department of armed forces consisting of three co-ordinate branches. It advised prompt action to prevent reversion of the air arm to its prewar status and the loss of the gains in efficiency and co-operation made since 1942. The JCS plan included a military commander of the armed forces who would also be chief of staff to the president.

Again quoting from Mr. Goldberg's history:

In response to the president's message, a subcommittee of the Senate committee on military affairs, under Senator Elbert D. Thomas, began working on a unification bill with the representatives of the army and navy—Major General Lauris Norstad and Vice Admiral Arthur W. Radford.

I should mention that what was involved was unification of the departments, not of the services.

Numerous conferences with top leaders of the services followed, and nine separate drafts were prepared. The last draft was introduced as a bill in April 1946 and accepted by the whole committee in May.

This bill became known as the proposed Common Defence Act of 1946, because it provided for a Department of Common Defence comprising three co-ordinate arms. There would be a civilian secretary of common defence, a secretary and a commander for each of the arms, a chief of staff of common defence to rank above all other officers of the armed forces, a council of common defence, a national security resources board, and a central intelligence agency. This bill offered no assurance that the army and navy could retain their special air units.

That bill was not passed. It was withdrawn and another bill known as the National Security Act of 1947 was passed in its place.

The National Security Act of 1947 became law on July 26, 1947. The lawmakers stated their intentions at the beginning of the act in a declaration of policy: to provide a comprehensive program for the future security of the United States; to provide three military departments—the army, the navy (including naval aviation and the marine corps), and the air force—

I shall not quote further, but the interesting point is that in the United States approach the people concerned sought the best advice from the senior officers of their services as to what would be the most efficient and most desirable form for their armed forces to take. They also took the advice of their senior officers with regard to administration of the civilian department. That was in complete contrast to what we see here in Canada. Of course it can be said that Canada's problems are not on all fours with those of the United States or any other country. I would be the first to agree, but nevertheless I think we can learn from the experience of other countries.

It is said that defence policy is an extension of external affairs policy. The white paper published in March, 1964 contains the following at page 6:

In these circumstances, there have developed four parallel methods by which the objectives of Canadian defence policy have been pursued. They are:

(a) Collective measures for maintenance of peace and security as embodied in the Charter of the United Nations, including the search for balanced and controlled disarmament;

(b) Collective defence as embodied in the North Atlantic Treaty;

(c) Partnership with the United States in the defence of North America;

(d) National measures to discharge responsibility for the security and protection of Canada.

I would like to know if this statement of our objectives is still valid or has there been some undisclosed, subterranean shift in our external affairs policy and therefore a shift in our defence policy which requires a different shape for our armed forces? If this is the case, and if it is the only reason for the proposed re-organization, then the Canadian people have a right to know.

Our forces have been reduced in strength. Many of them are not up to establishment at the present time. In that regard I should like to quote from an editorial in the Charlottetown *Guardian* of last Monday which in part refers to articles that appeared in the

Winnipeg *Free Press* with which I am not familiar. The editorial reads in part as follows:

• (4:50 p.m.)

Morale in all three services, according to first-hand reports, is at an all time low and new recruiting is far below actual requirements as a result of Mr. Hellyer's policy.

Under the present faulty command structure, however, it is virtually impossible for the public, parliament, or even the cabinet now to ascertain the true state of affairs. As it now stands, individual members of any army council or defence council no longer have any official right of direct access to the cabinet, nor are they free to give their honest opinions. The present chief of the defence staff (in fact a commander in chief) and the minister are now able to control, dominate, and overrule all other members of the council or senior staff.

Through firings and early retirements of any seniors who had the courage to speak out, the minister has tended to gather about himself a clique of "yes men". No officer can now freely offer his advice to the cabinet. In short, the cabinet and parliament are now entirely dependent on such information as Mr. Hellyer and his "commander in chief" do or do not wish to report. For other officers to carry their case to the cabinet would be to place their appointments and future promotions in jeopardy, if not to risk being fired outright.

This is a formidable indictment by a leading Liberal newspaper, and it is not something that can be brushed off lightly. It is time, the *Free Press* maintains, to re-establish the post of inspector general—

I would agree with this suggestion if we are to retain the type of organization where there is only one channel of communication to the minister. Time and again it has been said that a unified force will provide flexibility. I maintain that the very reverse is true, that when you have a unified force it is only the opinion which results from one set of judgments which will ever come to public notice. If that opinion should prove not to be the best, then the error will be concealed for as long as possible, not through any malicious intent or inefficiency on the part of the commander in chief, the generalissimo, or whatever he might be called, but because human nature is what it is. When there are three separate services with three separate chiefs of staff and suggestions in respect of requirements and demands for equipment and so on are made on behalf of one of the three defence forces, these must stand up to the criticism, the judgments and suggestions which are presented in competition to them.

Mr. Hellyer: That was the trouble with the system; they did not.

[Mr. MacLean (Queens).]

Mr. MacLean (Queens): That is exactly what I am saying. When you have three chiefs of staff you have the best of at least three choices. Under the present situation there is only one type of thinking which will become government policy. I know for a fact that other countries such as Britain have toyed with the monolithic type of structure and have discarded it for that very reason. Where it is used, only one point of view prevails whether or not it is a completely valid point of view. In respect of this defence structure we have what one might refer to as the bed of Procrustes policy of the minister. If a senior officer, no matter how valid his position may be with regard to a policy matter, is a big enough man to stand up and proclaim his position through proper channels to his superiors, he will lose his head if his policy does not fit in with the accepted single policy. This is the practice which has been followed for the past two years.

I have mentioned the fact that on the east coast particularly our navy is under strength. The number of ships at sea and in commission has been seriously reduced. In answer to questions on this point which have been asked over a period of months the minister has replied that this is absolute nonsense. He says that the units which we now have at sea are so much more technically advanced—they have helicopters, variable depth sonar and so on—that eight of them are equal to twice as many of the type in commission four or five years ago. This is true in that limited sense. We must not forget, however, that technical advance among our potential enemies is not stagnating; it is not at a standstill. If one were to project the minister's reasoning beyond a period of a couple of years, perhaps over a few centuries, one would immediately realize that perhaps one world war II frigate would have disposed easily of the Spanish Armada. But that is not the problem we have today. We must keep abreast of developments and have counter-measures for every potential threat that is developed.

In connection with anti-submarine warfare I think it is not fully realized among the general public or the press that there is a new, tremendously important and extremely dangerous dimension to submarine warfare which did not exist in world war II. Up until some time after world war II virtually the only use to which submarines could be put was to attack merchant shipping or naval units. The defence against them was relatively simple. All one had to do was defend the sea lanes. The enemy could not produce any

damage without exposing himself to danger. The submarine had to come in close in order to attack. Virtually its only targets were merchant shipping and the naval units protecting that merchant shipping. So it really was a case of keeping the sea lanes open. That type of submarine warfare is still in existence, but it is of only relatively minor importance compared to the tremendous threat which has developed as a result of nuclear-powered submarines armed with nuclear missiles which carry for a very considerable range. They can park anywhere in a huge area of the ocean.

The potential threat to our cities and our communications from these nuclear submarines extends over a wide area. You do not wait for them to come to you. You must search them out. The problem is similar to looking for a needle in a haystack. In my judgment this is of tremendous importance and should not be downgraded. I believe it is the main reason that our naval strength must be kept up to date if we are to be in a position to meet our NATO obligations so far as our naval contribution is concerned.

In this regard there is an apparent conflict in the policy of the government. For the last two years the government has been pretending to have a policy of extending our territorial seas and declaring vast areas, such as the Gulf of St. Lawrence, the bay of Fundy, Hecate strait, Dixon Entrance, and other vast waters, as national waters of Canada. That policy also seems to be in a state of suspended animation or limbo at the present time. If the government pursues that course and the objective is achieved it will then have the additional responsibility of assuring our allies that we are capable of enforcing our sovereignty over those vast areas of water.

• (5:00 p.m.)

Our allies cannot afford to take the chance that the Gulf of St. Lawrence, for example, might become a sanctuary for potential enemies. Even during world war II it was not possible for us to keep the Gulf of St. Lawrence clear of enemy undersea craft. It will be even more difficult in peacetime to assure our friends and allies that there are not enemy submarines, capable of lobbing atomic missiles into some of the largest population centres of North America, lurking in that area. The minister should assure us that the capability of our navy is such as to be consistent with the implications of the other policy. Let me be perfectly clear by saying that I agree wholeheartedly with the policy of extending our territorial waters, but we must face up to the accompanying responsibilities.

Is it the government's intention to pass on some of our responsibilities for establishing and protecting some of our territory to a friendly neighbour? Are we going to default, cut down or bargain out of some of our obligations to NATO? I am not passing judgment on such a possible course, but we should be clear in this regard. Is it possible that the government intends to employ our armed forces for peace-keeping duties under the United Nations? That has been denied time and time again.

Mr. Hellyer: The hon. member surely listened to the associate minister's speech. I am surprised that he raises this subject again.

Mr. MacLean (Queens): I raise it again because the fact is we are contributing at the present time to peace keeping forces under the United Nations. If that is going to be a permanent role it should be carried out by a special organization within our armed forces. The effectiveness of our armed forces should not be reduced by gathering up ad hoc peacekeeping units to be shipped off to Cyprus or somewhere else when a special crisis arises.

The training of our armed forces is not particularly suitable for the duties required of peace keeping forces under the United Nations. Consideration should be given in conjunction with other nations to the creation of a special peace keeping force which would be specially trained for the specialized tasks involved. It would have to be a force trained in the diplomatic handling of tense situations. Its members would have to be long suffering and patient in order to be effective under most difficult conditions.

I am very much saddened and sincerely disappointed by the course the minister insists on pursuing. Not long ago we in parliament heard a great long list of legislation that had to be completed, according to the Prime Minister, before the next recess. That list should be culled and legislation of little or no merit should be deleted. Legislative items which the majority of Canadians believe are downright harmful and disadvantageous to the future interests of this country should also be deleted. At the top of the items for deletion I suggest should be the bill presently under discussion.

The policy embodied in the measure before us has all the earmarks of an idea conceived before arguments were gathered to prop it up. It is a tragedy that we should now find ourselves as a nation in the position of embarking upon this policy. I will not be surprised if

the bill passes in the course of time and the minister has his way, but if that turns out to be the case it will be little short of a tragedy for Canada.

One may ask how this could come about. I suppose it came about first because the minister got his way in the cabinet. Apparently for the sake of solidarity his colleagues, some of whom must have great reservations about this matter, went along with the idea. Perhaps the minister might have resigned had they not agreed and a weak government of this kind probably could not afford to have that happen. If I were in their places I should think it better to have the minister as an enemy than as a friend.

The government must have support in the house. No party at the present time particularly wants an election because we have had so many within a few years. It may also be argued that the whole matter of unification is something that is of interest to only those people who are directly concerned and that many many Canadians pretty well ignore it. As a result we are being subjected to the tyranny of the artificial majority which the government maintains in the house with the assistance of one or two splinter parties.

An hon. Member: Splinter parties?

Mr. MacLean (Queens): With the support of the third, fourth and fifth parties, if you like. I do not care what you call them. The fact is that the government at this time represents only a relatively small segment of the Canadian people. Its support is far less than 50 per cent. Under those circumstances the government does not have a mandate to proceed in a bull-headed fashion with highly contentious legislation without first examining that legislation very carefully and without first obtaining the best possible advice available.

For that reason I feel strongly that the subject matter of this bill should have gone to a committee for further study before the house was asked to approve it in principle. The government has no mandate to force its will upon the Canadian people. It is true that it is the largest group in the house and under our system is charged with administration, but it should seek a consensus in respect of highly contentious matters.

• (5:10 p.m.)

In this regard I have often been disturbed by the interpretation placed on the performance of parliament by our press and other mass media of communication, an interpretation which has found its way into the minds

of the Canadian people. I believe that the workings of parliament are of fundamental importance to our democratic system and that they should be understood. On reading the press of Canada I get the feeling one gets when walking through a hall of mirrors at an exhibition midway. In one place one's image is distorted in one way and in another place in another way. Even if an individual does by chance come across an accurate reflection of what goes on in parliament, there is no way for him to know whether it is distorted or whether it is the actual fact.

I believe that a press which holds the right of freedom of the press in such high esteem, and rightly so, should recognize the very grave responsibilities that go in this day and age with moulding public opinion. The moulding of public opinion should be based on objective observation rather than prejudiced or distorted, pre-conceived views of any situation. All the opposition ask in connection with this very important matter of unification is that it be thoroughly examined, that we have the evidence of witnesses, without prejudice, without trying to force the outcome one way or the other. If unification has the merits the government claims for it, it will stand up under that examination. If it has not, it should not be perpetrated upon the Canadian people.

With regard to what we in the official opposition are trying to do here in parliament I would like to read one quotation and then I shall have concluded my remarks. For convenience I quote from Beauchesne's fourth edition. The passage I shall quote contains quotations from other authorities on the subject of democracy:

> In every country attempts have been made to ensure that there shall be some check on the powers of the majority. Lord Bryce said in "Modern Democracies": "That a majority is always right, i.e. that every decision it arrives at by voting is wise not even the most fervent democrat has ever maintained seeing that popular government consists in the constant effort of a minority to turn itself by methods of persuasion into a majority which will then reserve the action or modify the decisions of the former majority."

There is a special onus on a minority government when it proceeds on courses that are not reversible. The passage continues:

> Decision by majority is not an absolute and unquestionable principle. "Our constitution, to use Burke's phrase, is something more than a problem in arithmetic." There is no divine right of a mere numerical majority any more than or kings. Majority decision is a measure of convenience essential to the dispatch of business, the result, "of a very particular and special convention, confirmed

by long habits of obedience." The idea that a majority, just because it is a majority, is entitled to pass, without full discussion, what legislation it pleases, regardless of the extent of the changes involved or of the intensity of the opposition to them, the idea in fact that majority edicts are the same things as laws, is wholly alien to the spirit of the constitution.

A minority party may question ministers, may criticize but cannot control in the ordinary case a government with a reasonably large majority. There can be no control of the executive where the supporters in parliament are prepared without question to obey the leaders of their party—through the whips. All that the minority party—the opposition—can do without support from members of the majority party is to question, inquire and criticize, but whilst this does not amount to control it is an important method of checking abuses of power. With the support of a majority—

I contend that the government is abusing its imagined power in this situation.

—of members it would be possible for a cabinet to suspend the sitting of parliament, have the minority members arrested, withdraw the safeguards of liberty such as *habeas corpus* and freedom of speech, and to establish virtually a dictatorship. All this, too, could be done within the law. It is surprising how few members of the general public appreciate how uncontrolled the cabinet is where it has the support of a loyal majority in parliament and that "the supremacy of parliament" in this sense is absolute and subject to no real safeguards of any kind.

We may add that the majority of the House of Commons does not always represent the majority of the electors in the country. It often happens that, owing to the redistribution of electoral districts, a party may come out of the general elections with a majority of elected members without having received the majority of the votes given by the electors who went to the polls or whose names are on the electoral lists. That party may form a cabinet, but the official opposition together with other anti-ministerial groups, though sitting to the Speaker's left, are the real representatives of the people; and their right to challenge by legitimate means every measure or proceeding sponsored by ministers cannot be disputed. In such cases, when the house divides, members who oppose the administration may act on behalf of the majority while government supporters represent the minority of the people of Canada.

In respect of this legislation I believe that the government represents a minority, and a small minority, of the people of Canada. Therefore it is my intention to vote against second reading.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, implicit in the decision that this house is called on to make on second reading of this bill is much more than simply questions of organization, machinery, uniforms or ranks, important though these may be. The basic question posed by approval in principle of this bill is the whole question of the future role of Canada's armed forces, the purpose and function which they are to serve and the contribution in the sphere of defence that Canada can best make to the security of the people of this country and of the world. Viewed in this light, I have come to the conclusion, somewhat reluctantly I must say, that I must support this bill on second reading. I say reluctantly because I resent, with others, the obstinacy with which the minister and the government have refused to do what it seems to me common sense and courtesy both require, that is, send the bill before second reading to the defence committee.

Many distinguished officers and others who have served this country have expressed serious apprehensions about unification. Why could they not have been allowed to present their views before the committee and the public in that way before we are asked to approve in principle this legislation? Another reason I am supporting the bill with reluctance is that it might seem to be support of the defence policy of this government as enunciated in the white paper and reiterated by the minister in his speech in this debate on December 7 last. I have very serious differences with the policy of the government. I find the defence policy of this government evasive, inadequate, ambiguous and unresponsive to the challenging opportunities that Canada's special position makes possible.

• (5:20 p.m.)

I am reluctant because I have found, in one edition at any rate, that in the 65 pages of the minister's speech the reasons for unification given by the minister were uninspiring and non-persuasive. As the hon. member for Vancouver East (Mr. Winch) pointed out, there was no explanation whatsoever of the future role of the Canadian forces which would justify the inevitable dislocations involved in unification. The minister has put the cart before the horse. He has told us that he will change completely the structure of the Canadian armed services before telling us what the function and role of those services are to be. In the 65 pages of his speech I find only two paragraphs referring to Canada's policy, and they are a reiteration of the policy in the white paper on defence. I remind the house that this policy consisted of a standpat acceptance of the obligations, regardless of whether they are dated or outdated, that had been assumed in the NATO alliance, and a complete failure to judge whether they were appropriate or obsolete at that particular time. This is still the policy that is put before us. However, if the appropriate question is

asked and the right answer given, then I think this answer justifies unification as the most appropriate and suitable way of performing the role which we consider to be the effectve and proper role for Canada.

What are the present roles of our armed services? Roughly speaking there are five or six. As is well known we provide, integrated with the forces of our NATO alliance, an army brigade in Germany and an air division which is either wholly in Germany or shortly to be moved there. We have our share of the North Atlantic anti-submarine defences. In NORAD we participate in the air defence of North America. We contribute peace keeping forces in a number of theatres under the aegis of the United Nations. We have a mobile command at St. Hubert.

It is our view that we should now abandon some of these roles. We should withdraw our brigade and air division from Europe. We should close down the totally obsolete and useless Bomarc SAGE air defences against a non-existent bomber threat. We should review our anti-submarine role. We should concentrate on a tri-service or unified, lightly armed, highly mobile force available for peace keeping and other intervention roles. We should provide the fire extinguisher which would help put out fires which might spread into major conflagrations. To use the modern jargon, we should be ready to put out the fires which might escalate into a nuclear holocaust.

If, as the present government asserts and reasserts continually, we are to continue our present roles in which different services perform isolated and different activities, then I think unification makes no sense at all, or at least it is not worth, the trouble that is involved. But if we contemplate joint operations in which the services combine in the operations, then unification becomes desirable if not imperative.

My criticism of the government is that it has failed to make a clearcut decision and therefore has failed to present what would be a compelling argument for unification. I say we should withdraw our brigade and air division from Europe. Why do I say so? I do not think it is good enough merely to make such a proposal without supplying the reasons for it. There are at least four reasons for withdrawing our brigade. Our brigade is armed with Honest John rockets or tactical weapons. It is stationed in the forward zone in Germany. It forms a small, although highly efficient, part of or contribution to NATO strategy, the strategy of confronting a possible U.S.S.R. all-out attack on western Europe with tactical nuclear weapons.

This proposal was orginally made in 1954 and adopted in 1958. In our view it has become obsolete now and indeed provocative. I cannot go into all the reasons for this but I just want to say that one of the reasons is that both sides now have these tactical weapons the use of which would be so destructive as to be insane, and I do not think this word is too strong. General Ailleret, the French chief of staff, had this to say in the November-December issue of Survival, a publication of the Institute of Strategic Studies in Great Britain:

> It is clear that even a purely tactical nuclear exchange would wipe out Europe over a depth of 1,800 miles from the Atlantic to the Soviet frontier.

I ask the following question: What have we Canadians to do with potential involvement in this suicidal madness if it were ever to come about?

Defence Secretary McNamara has given additional information on this question. He said:

> Thousands of U.S. warheads deployed on the continent for the immediate defence of Europe have a combined explosive strength of more than 10,000 times the force of the atomic bombs exploded at Hiroshima and Nagasaki.

He left no doubt whatever—and I remind the minister of this because at one time he was not too clear about it—that this tactical nuclear force represented a substantial preponderance over similar Russian weapons but not a monopoly.

The threat of a deliberate all-out invasion or the use of this massive concentration of power in Europe is at the very lowest end of the spectrum of possibilities, if I may use an expression which is used in this sort of discussion. Indeed, no sane person would launch intentionally such a cataclysm. But as long as this confrontation exists the escalation of threats and bluffs might precipitate a disaster. What is needed is that this massive confrontation be thinned out and eventually dissolved. It makes no sense at all.

Even if I am wrong about this, the need for a Canadian contribution is non-existent. General Foulkes informed the defence committee a year or so ago that as long ago as 1960 the military leaders of NATO approved of Canadian withdrawal from the front line into the position of a mobile reserve. He told us in the committee that this difficult situation, namely, the problem of supplies for the

Canadian brigade, was appreciated by the NATO authorities in 1960 and in view of the build-up of the German army to 12 divisions, the supreme allied commander, General Norstad, agreed to place the brigade group in mobile reserve and allow the German forces to take over this forward task on the east German border. This proposal was agreed to on the military level in the early 1960's but, perhaps for political reasons, it has not been implemented.

Then General Foulkes, after going on to point out that it cost about three times as much to maintain a Canadian brigade—indeed, for the price we pay a corps of two divisions could be maintained—asked whether this makes NATO sense? He replied in this way:

> It was originally intended that as the European partners increased in economic and military strength, the North American forces would be brought home and provide a strategic reserve. This trend toward the Europeans taking over their own territorial defence is both militarily and economically sound and providing there are no serious political difficulties the change-over should be accomplished before the end of the decade.

I rely on the words of General Foulkes because I think they make common sense. There is no military reason whatever for maintaining our forces there. It has been suggested that there may be a continuing political reason and indeed in the white paper the so-called political reasons are the only ones that are advanced for the maintenance of this excessive commitment. The only political reason that I have ever heard is that the Canadian withdrawal would rock the NATO boat—a phrase used to justify from time to time a certain immobility by the Secretary of State for External Affairs (Mr. Martin). It is also said that it would persuade the United States, whose forces in Europe may perhaps constitute a stabilizing factor, to withdraw its troops.

• (5:30 p.m.)

I suggest this is nonsense. The United States is quite capable of deciding its own role without undue influence resulting from the fact that Canada, for its own good reasons, has decided to withdraw its brigade and air division from Europe. As a matter of fact, Mr. Speaker, all the political arguments point exactly the opposite way. The cold war and the massive military confrontation in Europe have become an anachronism of which Europeans themselves, as anyone who has been to Europe knows, are heartily sick. The danger that the red army will engulf western Europe and, by the parity of reasoning on the other side, the danger that the armies of NATO will seek to roll back the frontiers of the Warsaw Pact, are equally unreal. If both NATO and the Warsaw Pact are incapable of being used to liquidate the cold war and improve east-west relations they will have to be scrapped. They no longer correspond to political realities. The centre of gravity of the threats to world peace will be in Asia and Africa, not in central Europe. Our government's continued adherence to obsolete NATO strategy is a symbol of its lack of independence and initiative.

What I have said about our brigade applies with even greater force to our vulnerable air division which, because of its vulnerability to Russian rockets, would in moments of tension constitute a positive danger of provocation to hasty first strike action on one side or the other. Here again, my authority for this statement is General Foulkes. Perhaps I have not the time and should not get into an elaboration of that statement, but the fact remains that if you have a highly vulnerable, highly dangerous strike force, in a moment of danger the desire to hit first is so powerful that the weapons themselves constitute a provocation and a source of danger.

This role was described a long time ago by a military commentator, Mr. John Gellner, who I think supports and sometimes I believe advises this government, as a costly $500 million mistake. I think the only thing wrong with calling it a $500 million mistake is that is much too low a figure. A great deal more than that is involved at this time.

I ask this question: Why is it, after four years in office, this government has failed to liquidate or discontinue these expensive mistakes, these dangerous commitments or, apparently, to do a single thing about them? The minister himself spoke in criticism of these roles before he assumed the position he has today. Is the failure to act the result of timidity or fear of upsetting some of our allies? What is it that compels us to maintain at considerable expense, and quite inconsistently with the policy of unification now advanced by the minister, these particular roles?

These are negative arguments, Mr. Speaker. The principal argument for Canada's concentration on a highly mobile reserve is that it could make a positive contribution to future peace. With our limited resources we cannot do everything. Indeed we should not, as now, try to do a little of everything. The hon.

member for Edmonton West (Mr. Lambert) and the hon. member for Oxford (Mr. Nesbitt) suggested that peace keeping through the United Nations is not exactly popular at the United Nations these days. It is well known that there are difficulties about financing and indeed difficulties in the operations themselves.

But I suggest that those operations in which Canada has taken part, in the Middle East, Cyprus and in the Congo, have played a vital role in preventing the spread of wars which could have been dangerous. In terms of effort, time and money they have been infinitely worth while. There were difficulties when these operations were launched and they were launched and improvised, if you will, because circumstances demanded that they be launched.

I see the hon. member for Rosedale (Mr. Macdonald), the Parliamentary Secretary to the Secretary of State for External Affairs. I know he worked hard to secure United Nations approval of our idea about how the peace keeping forces should be organized, but so far this has not been possible. I suggest that when emergencies arise again those emergencies will create solutions. It is vitally important to peace that we have available throughout the world, and Canada is in a very good position to contribute, forces that will be able to step in when emergencies arise.

If, Mr. Speaker, the rule of law is ever to prevail in an unstable world, and I think it will, then peace keeping forces will and must have increasing importance in the future. We are now discussing Viet Nam and the crisis in Rhodesia. If there is a settlement in Viet Nam, and let us hope to God there will be a settlement fairly soon, there will be need for a police force to see that the settlement is effectively carried out. The same situation might arise if sanctions are effective in Rhodesia. I am quite certain that during the course of history there will be a call again and again for the fire extinguisher, a call for the type of lightly armed force that this country is in a position to provide.

Of course the mobile force we propose, and upon which we think we should concentrate, would not be confined to operations under the aegis of the United Nations. I recall that when we were at NATO the military authorities told us about possible danger to NATO's flanks, so it may be vitally important to have a mobile reserve that could get there in good time. This sort of contribution might turn out

to be far more important than the massive, tactical nuclear confrontation in central Europe.

In this connection I recall to the house the words of Wayland Young. I believe that like many other British people he has become a peer with a new name, but that was his name. He issued a pamphlet entitled, "The Bomb and Politics", and this is what he said:

> It was lightly armed common sense which saved the day in those places (East Africa, Malaysia, Cyprus); cheap, tough, portable weapons and above all mobility. The first rule in this sort of operation is, if you get there first, you do not have to shoot.

It is my submission, Mr. Speaker, that this concept of Canada's role fits in with Canada's special position and aptitudes. It happens to be a fact that we do not have to be absorbed, as some other nations are, with fears of direct attack on the soil of Canada. This is a traditional approach, but it happens that Canada does not have to be preoccupied with that. The facts of life are, whether or not necessarily by choice, that our neighbours are the most powerful military nation in the world. It is unthinkable that the United States would permit any hostile forces to establish themselves on Canadian territory without massive resistance. It is, therefore, unthinkable that any hostile nation, if such there be, would risk retaliation.

I hasten to add that this does not mean, of course, that the mobile force which would be created would be of no value in the defence of Canada or that we do not have to carry out the surveillance of Canadian territory. Of course we do. It does not mean either that we should do as some people say we can do since we are protected by the United States, namely, that we can be either neutral or passive or do nothing about our responsibility for defence. What it does mean, I suggest, is that we are freer than some other nations by reason of this fact to contribute to what in today's nuclear world should be the supreme objective, the prevention of wars and the limitation of wars if they break out.

• (5:40 p.m.)

No one wins a war in this world today. What we must direct our efforts to is to finding the most efficient instruments (a) to prevent and (b) to limit wars, if they occur. I suggest that a unified force of the type we have discussed would be a useful instrument in that regard.

It sometimes seems to me that we are deluded today by the efficacy of massive, unusable power. Our task is to see that usable

power is available where it is needed to create stability in an unstable world. In this field Canada can for the first time, if we have the imagination to do so, escape from a role in defence which is purely subsidiary either to the imperial strategy of Britain, though at a certain stage in history this was quite naturally what we depended upon, or to the great power strategy of the United States of America. In this proposal of a unified Canadian force lies the possibility of making for the first time a distinctively Canadian contribution.

I suggest that in our centennial year it would be quite fitting, Mr. Speaker, to see the emergence of a distinctively Canadian contribution to world security, one most fitted to the circumstances. This would be more valuable to our allies than what we are doing at the present time in the matter of defence, though that we do it efficiently I have no doubt at all. It is because we in this party—and I think I speak for the other members in this party—see in the unification of the armed services a contributing factor to this goal that we propose to support the bill.

I believe that if the minister and the government of the day would only put the problem in this light they would secure the loyalty, even the enthusiasm, of many men and women in Canada. I cannot say, as did the last speaker, that they would have the support of the majority of them, but I certainly think they would secure the support and enthusiasm of our armed services. Changes cannot be made without creating opposition. But when making changes, Mr. Speaker, we should quite frankly and openly declare why they are needed, that in this case what is being proposed is in accordance with a new concept fitted to the nuclear world of the sixties.

As I say, Mr. Speaker, this is a particular contribution Canada can make to the world today. But so far the minister and the government have failed to make this declaration and in not doing so I think have damaged the cause of unification rather than helped it. Because this is what we believe, and subject to what we may be advised in the defence committee and during the future deliberations on this matter, I feel reluctantly obliged to say, for the reasons I have already given, that we will support this bill on second reading.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I approach this subject from a somewhat different angle than most members who have taken part so far, mainly because of the interest I have had for some time in international affairs. It has always been a belief of mine that defence policy is nothing more nor less than a function of foreign affairs and is part of the foreign policy of the country involved.

It has been somewhat distressing in listening to and reading the debate to see the line which has been taken by Her Majesty's loyal opposition. In this instance the action of the Conservative party reminds me of King Canute, who called for his chair, sat it down at the tide line, put up his hand and ordered the tide to go back. Well, Mr. Speaker, the tide did not and neither will this bill. The Conservatives have still not changed from the time of the middle period of last century when in Great Britain the Conservative party there attempted to stop the Liberal government of Mr. Gladstone from preventing the purchase of commissions in the Queen's army. They failed at that time too.

Many arguments have been raised against unification, Mr. Speaker, and one of the silliest and least logical, it seems to me, is that which insists that people will fight only for the sake of a regiment. I should like to quote from Douglas MacArthur's "Reminiscences", the paperback edition. At page 470 he is describing why a man fights for his country and why he risks his life. He says:

> These men will suffer hunger and thirst, broiling suns and frozen reaches, but they must go on and on and on when everything within them seems to stop and die. They will grow old in youth burned out in searing minutes, even though life owes them many tranquil years. In these troublesome times of confused and bewildered international sophistication, let no man misunderstand why they do that which they must do. These men will fight, and, perchance die, for one reason only—for their country—

They will fight for their country, Mr. Speaker, not for their regiment. I think it is incumbent upon us as parliamentarians to give our men, who may be called upon to risk their lives, the necessary tools to do the job. We cannot have armed forces in the twentieth century, fighting on the basis of what was suitable for war during the late nineteenth century, using weapons which were almost obsolete at the end of the first world war.

Other arguments have been raised against this bill, Mr. Speaker, and one of them is that a great many officers have left the services. And I am not surprised. Whenever a new defence policy is introduced and someone does not agree with it I believe he should leave the services and if he wishes to oppose

the policy he should do so from outside the service. I think that those members of the armed forces who have taken that tack are to be congratulated on their honesty. At the same time I do not regard their departure as that much of a loss. A great many younger men have been kept back because of these people who have served long and honourably but whose concepts of what the world is like are perhaps outmoded and it is time for them to be replaced. It is much better both for the government and for the minister that these people depart.

I recall the time when the Leader of the Opposition (Mr. Diefenbaker) was prime minister and used to complain bitterly that his government was ineffective not because his ministers were ineffective but because there were too many Liberal senior civil servants. If the leader of the government at that time really thought that was so he should have fired them because they were old government employees and some of them were Privy Council appointees. I have no objection to seeing these senior officers depart for greener fields, as they see it; similarly, I have no objection to their fighting for what they believe.

Having read all the speeches and listened to a great many of them, Mr. Speaker, it seems to me that the basis and justification for unification in our particular circumstances lie in what we are able to do in foreign affairs. As I said, defence policy is a function of foreign policy and our armed forces can only be considered in relationship to it. It is not a matter of isolating the services and looking upon them as something to play around with, putting men in pretty uniforms and marching them up and down the House of Commons lawns. I have always regarded the navy, the army and the air force as a waste, a drain, an expenditure of money we could use in other areas much more profitably.

Therefore, it seems to me that there are certain legitimate conclusions that flow from that attitude. Our foreign policy has been oriented toward joint action with other countries, and for obvious reasons. We have concentrated on the United Nations, with NATO becoming less and less an effective force in the world, its usefulness declining steadily. One of the reasons for this is that the tensions between the United States and Russia have declined. That is also why the present Prime Minister insists in implementing article II of the NATO treaty.

[Mr. Reid.]

• (5:50 p.m.)

Since our attention is directed to the United Nations, it is necessary to define what role we can play in its operations. To date we have participated in several exercises with the United Nations which have served a useful purpose. In operations of this sort the United Nations has been able to exercise influence, sometimes decisive, in preventing brush fires from growing into greater fires. This is a very useful and very necessary service in our world. In addition, as the United Nations moves away from dominance by the two great powers, the United States and Russia, and begins to acquire a life of its own, effective opportunities for United Nations intervention in brush-fire areas will become more important. If Canada is to play a useful role we must provide ourselves with the tools to be effective in these activities.

I have always believed that we shall have many of these brush-fire wars because the world is not politically sophisticated. Politicians have not worked out effective means of avoiding direct confrontations. They search desperately for face-saving measures to dig themselves out of the holes in which they inadvertently find themselves. We are always trying to save face. A peace keeping force in this area can also be very effective. As we become more sophisticated, as the developing countries become more sophisticated, I hope it will become less and less necessary for the United Nations to intervene. In the meantime Canada can make a most useful contribution in this area, especially if we are prepared to lead. Under the present government I believe we have given notable leadership.

Other implications must be drawn from the fact that no matter how much we want to we shall never be able to defend ourselves from our neighbouring nations, Russia and the United States. We border these countries and sometimes it is difficult to say which is the more dangerous, the United States with its economic invasion or Russia with the threat of physical invasion. At present we are at peace with both these nations and we hope that this continues. If either one decided to attack us we could not defend ourselves. We have too much land and too few defence resources.

The former government entered into an agreement with the United States whereby we gave up responsibility for defending ourselves to the United States in return for a small participation in the defence structure. The impact of this has been to extend the United States border to our northern border.

We are allowed to play a small role. We were allowed to buy certain weapons which had to have nuclear warheads. Unfortunately the government of the day bought the bombs but neglected to buy the warheads and we were saddled with much expense without any effective way of making these weapons efficient. I am not sure of this but I understand that the weapons had no explosive power and that in some instances sand was used as ballast. Had we been attacked we would have fired these bombs hoping the invaders would be smothered in sand.

As Canada is a peace-loving country, and I hope it is, we do not need an army for aggression. As we have common borders with the two super powers we are very likely to be the battleground in any conflict between them. We need a defensive army to look after ourselves, if we need anything. As I understand it, we are on the way to giving up our nuclear capacity. As our weapons would not be much of a deterrent to these two super powers, there will be small loss.

It seems that this leads us back to unification or integration of our forces as a reasonable method of ensuring that we have the power to play the role we want to play in external affairs. Unification or integration —call it what you will—is a reasonable, logical concept if one accepts the assumptions on which it is based.

I would not wish to repeat the opinions of former generals read into the record the other day by the hon. member for Leeds (Mr. Matheson). All these generals wrote memoirs after the second world war and they unanimously agreed that the old method of carrying on war with divided commands was inefficient, ineffective, and cost a great many of their soldiers' lives. One of my hobbies happens to be reading the memoirs of generals, not necessarily for edification but for enjoyment. I enjoy the way war is depicted in books, the way Eisenhower criticizes Montgomery, Montgomery criticizes Bradley and on and on. All these comments of the generals show one thing, that the old system has to go, that it is no longer efficient and something needs to be evolved. May I call it six o'clock.

PUBLIC SERVICE

AGREEMENT OF SENATE TO CONSIDERATION OF PENSIONS OF RETIRED CIVIL SERVANTS BY JOINT COMMITTEE

Mr. Speaker: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate do agree that the Special Joint Committee of the Senate and House of Commons on the Public Service of Canada be empowered to inquire into and report upon the matter of the pensions paid to retired civil servants or their dependants under the provisions of the Public Service Superannuation Act.

BUSINESS OF THE HOUSE

Mr. Drury: Mr. Speaker, tomorrow I hope we will conclude the current debate and proceed to item No. 121, second reading of Bill C-216, to establish the Canada Deposit Insurance Corporation.

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

HOUSE OF COMMONS

Thursday, February 2, 1967

The house met at 2.30 p.m.

[*Translation*]

MR. JUSTICE LANDREVILLE

FIRST REPORT OF SPECIAL JOINT COMMITTEE

Mr. Ovide Laflamme (Québec-Montmorency): Mr. Speaker, I have the honour to table the first report of the special joint committee on Mr. Justice Landreville, in English and French.

SHIPPING

TABLING OF REPORT INTO CAPSIZING OF DREDGE "MANSEAU 101"

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I wish to table the report of the court of inquiry into the capsizing of the *Manseau 101* dredge on the river St. Lawrence, near the Quebec bridge, on September 30, 1966.

[*English*]

I regret, sir, that the English translation is not ready, but I hope it will be ready soon.

Mr. Speaker: Does the minister have leave to table the report?

Some hon. Members: Agreed.

FINANCE

STATEMENT BY PRIME MINISTER RESPECTING OWNERSHIP OF CANADIAN INDUSTRY

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the government's growing apprehension over foreign ownership of Canadian companies, as revealed by the return to the cabinet of the hon. member for Davenport, the setting up of still another committee and the promise of the Prime Minister on television last night in respect of yet another white paper, is it the intention of the government to reject any future guide lines issued from Washington to firms operating in Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, firms operating in Canada operate under Canadian law and consistent with any Canadian guide lines which might exist.

Mr. Monteith: Mr. Speaker, the Prime Minister in very ringing terms suggested last night that foreign enterprise must be subject to Canadian law only and responsive to Canadian policy. I wonder whether the Prime Minister could not be a little firmer in his reply to the effect that they will not be subject to any future guide lines from Washington.

Mr. Pearson: Mr. Speaker, how could you be firmer than say "under Canadian law only and consistent with Canadian policy"?

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I also wish to ask the Prime Minister a question with respect to the telecast he made to the Canadian people last night in which it appeared that the Prime Minister was trying to ride two horses moving in opposite directions.

Some hon. Members: Oh, oh.

Mr. Douglas: I want to ask the Prime Minister about the statement to the effect that the objective of the government is to have Canadians own and control much more of our industry, and that for this purpose the government is going to pursue a policy of marshalling a greater measure of Canadian investment in Canadian industry. I would ask the Prime Minister whether this statement is a pious hope, or whether the government intends this year to introduce a legislative program to give effect to this pronouncement.

Mr. Pearson: Mr. Speaker, I know my hon. friend will not misunderstand me when I say that no one in this house knows more than he about riding two horses going in no direction.

Some hon. Members: Hear, hear.

Mr. Pearson: The additional policies and proposals of the government with a view to increasing Canadian ownership of Canadian resources will be made known to the house in due course, and I hope there will be further progress made in this regard before the end of this year.

Inquiries of the Ministry

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the Prime Minister whether the legislative program which the government has in mind will have to await the report of the cabinet committee and the task force which has been set up, or has the government now a legislative program which it intends to present to the house this year?

Mr. Pearson: There are items in the program that have already been announced to the house that concern the subject raised by my hon. friend. I would hope that the task force in question will be able to produce a report and the government will be able to make that a government report in the form of a white paper in time to assist the government and the house in working out further steps in that direction.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. I would ask the right hon. Prime Minister whether he would object to including in the various private bills regarding insurance companies and the like which are currently before the house a provision for Canadian ownership similar to that contained in the Bank Act.

Mr. Pearson: Mr. Speaker, this matter is already covered in the Insurance Act in so far as federally incorporated companies are concerned.

[*Later:*]

Mr. David Lewis (York South): Mr. Speaker, I have a question for the right hon. Prime Minister arising from answers he gave earlier about foreign ownership, particularly of insurance companies, under federal charter. I ask the question because I was bewildered by the previous answer. Is the right hon. gentleman saying to the house that there is now legislation limiting the foreign ownership of insurance companies under federal charter?

Mr. Pearson: Mr. Speaker, that is the information the insurance department gave me.

NATIONAL SECURITY

PRESENCE IN CANADA OF PERSON EXPELLED AS SECURITY RISK

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and is in reference to Euzrem Rietzik. I will spell that name for the benefit of *Hansard*, because I have seen it spelled in different ways. Has the minister any further information to give the house as to the whereabouts of this man, or is he still working on the case?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thank my hon. friend for giving us this additional version of the spelling of the name of the person in question. I can only say that this matter, as he knows, is now being investigated.

Mr. Langlois (Mégantic): A supplementary question, Mr. Speaker. Would the minister care to ask his officials whether they can ascertain if that is the name he took when he flew in from Montreal airport to Ottawa on August 3 last?

Mr. Martin (Essex East): Yes, Mr. Speaker.

[*Translation*]

GRAIN

QUEBEC—INQUIRY AS TO TENDERS FOR SALE OF ELEVATOR

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to put a question to the hon. Minister of Transport. Can he tell us if tenders have been called for the sale or rental of grain elevators in the port of Quebec city?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I understand there has been some publicity with a view to getting possible submissions under certain terms and conditions. I do not have any document at hand, but I think I could get it quite easily.

[*Translation*]

Mr. Ricard: A supplementary question, Mr. Speaker. Would the hon. minister inform the house whether he has received a telegram from the Catholic Farmers Union and other representatives of the farmers to the effect that this decision would be against their interests?

[*English*]

Mr. Pickersgill: There has been no decision, so whether or not it conforms with their interests would be hard to determine. This is only a possibility, and I can assure the hon. gentleman, as I have assured the minister of agriculture of Quebec who sent me a telegram to which I replied this morning, that the interests of the consumers of domestic grain

in the Quebec region will be fully safeguarded if and when there is a lease or sale of this elevator, and it is by no means sure that this will ever take place.

INCOME TAX

JOHN DOYLE—INQUIRY AS TO DECISION OF APPEAL BOARD

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of National Revenue. It is reported that Mr. John Doyle, now in debt to the Canadian government to the tune of almost $4 million, had an appeal board hearing last June, and that the department had not made a ruling on the case. I wonder whether the minister could tell the house if and when this ruling will be issued.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, an assessment was made by the Department of National Revenue in the case of Mr. Doyle. It was appealed to the income tax appeal board, which is independent of the Department of National Revenue, and it is up to this semi-judicial body to make its decision and then to report. We have no influence on the decisions of this body.

Mr. Winkler: A supplementary question, Mr. Speaker. Can the minister tell us whether they have reached a decision as yet?

Mr. Benson: So far as I know the decision has not yet been rendered.

LABOUR CONDITIONS

OSHAWA, ONT.—LAY-OFFS RESULTING FROM AUTOMOBILE AGREEMENT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Minister of Industry and ask whether he has received a letter, a copy of which was sent to the Prime Minister, from the mayor, the board of control and council of the city of Oshawa, expressing a direct and urgent appeal for action to be taken immediately by the setting up of a committee of the house to deal with the increasing number of lay-offs which are taking place as a result of arrangements made under the automobile pact. If so, what does the minister intend to reply to this letter?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have received such a letter and acknowledged its receipt. I promised the mayor a rather more reasoned reply as soon as possible.

Mr. Starr: A supplementary question, Mr. Speaker. In view of the growing uneasiness in Oshawa and St. Catharines, and in the automobile industry generally, will the government move immediately to re-examine the whole situation with regard to the automobile pact rather than wait for a review by governments some time in the future, so the cloud of uncertainty may be removed from the employment of automobile workers and those in associated industries?

Mr. Drury: Mr. Speaker, I did indicate that there was to be a meeting, proposed by the union concerned, with government representatives to discuss this situation. I think it may be a little premature to anticipate this meeting and, if I may put it this way, to try and overlap affairs in the house.

GERALDTON, ONT.—LAY-OFFS RESULTING FROM CLOSING OF GOLD MINE

On the orders of the day:

Mr. R. K. Andras (Port Arthur): My question is directed to the Minister of Manpower and Immigration. What steps is the minister taking to assist the 348 miners and other employees who have been laid off as a result of the closing of the MacLeod-Cockshutt gold mine at Geraldton, Ontario?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, workers laid off by the closing of this mine will have virtually no prospect of obtaining suitable employment in the Geraldton area. I have therefore designated the area under the manpower mobility regulations for a period of 12 months. This will permit unemployed workers to receive mobility grants in order to move to places of suitable employment.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like to put a supplementary question to the hon. Minister of Energy, Mines and Resources.

Would the hon. minister inform the house whether a decision has been taken or will soon be taken concerning subsidies to gold mines?

Inquiries of the Ministry

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, this decision concerns the Minister of Finance, but I may say that it is under consideration at the present time.

[*English*]

Mr. M. W. Martin (Timmins): I have a question for the Minister of Manpower and Immigration. In view of the situation referred to by the hon. member for Port Arthur, and in view of the remarks the minister made a few nights ago in Toronto when he stated the government was of the opinion the four months waiting period should be abolished, is the minister prepared to announce when this will be done?

Mr. Marchand: Mr. Speaker, I said this mobility program could be improved. The officials of the department are studying how we should improve it When a policy has been outlined and approved by the cabinet, I will be happy to inform the house.

CANADIAN CONFEDERATION

PUBLIC PARTICIPATION IN DISCUSSION OF POSSIBLE CHANGES

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister which I am putting to him in an attempt to clarify the confusion which appears to exist at the present time as a result of correspondence between himself and the prime minister of Ontario on the question of confederation. Does the Prime Minister not agree that the people of Canada have a vested interest in any changes in confederation and in the constitution, and that these matters should be canvassed, debated and discussed with the greatest possible extent of public participation, and not left to be produced in secrecy by experts like an immaculate conception.

Mr. Speaker: Order. The question is not in order, as it is argumentative.

RESEARCH

REQUEST FOR INCREASED GRANTS FOR MEDICAL RESEARCH

On the orders of the day:

Mr. William Dean Howe (Hamilton South): I have a question for the Minister of Finance. In view of the report that three medical schools in Canada are about to lose their accreditation through lack of research facilities, will the minister take immediate steps to correct this situation and provide more funds for medical research for all medical schools in Canada, and particularly those three?

Hon. Mitchell Sharp (Minister of Finance): There are very large sums appropriated by parliament for this purpose, and there will be other large sums in the estimates. I think this is a matter that should be discussed when the government's estimates are being considered.

Mr. Howe (Hamilton South): Will this be in sufficient time to save the accreditation of these universities?

[*Later:*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of Finance and is supplementary to the question of the hon. member for Hamilton South. Considering the serious situation obtaining in three medical schools likely to lose their accreditation, will not the minister undertake to get in touch with the schools in question to see if emergency action may be taken to save their accreditation? As the minister knows, once accreditation is lost it is hard to recover.

Mr. Sharp: I do not know whether this falls within my purview, but I understand that these medical schools are constantly in touch with the federal government through the Medical Research Council. We understand fully their position. My colleagues or I will follow the matter up to make sure it is not the fault of this parliament that the things the hon. member speaks about may happen.

Mr. Howe (Hamilton South): In a sense, Mr. Speaker, this is a correction to the question just asked. Four medical schools, not named, are involved. Perhaps this matter could be looked into by the minister.

EXTERNAL AFFAIRS

THE VATICAN—ESTABLISHMENT OF DIPLOMATIC RELATIONS

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): My question is for the Prime Minister. Now that it has been announced the Vatican and the Union of Soviet Socialist Republics are exchanging ambassadors, will the government take whatever action is necessary to overcome whatever has prohibited such an exchange with this country?

Right Hon. L. B. Pearson (Prime Minister): I have really nothing to add on this matter since my answer to that question on May 19, 1964, as recorded at page 3341 of *Hansard*.

Mr. Brewin: Could the Prime Minister just tell us in a sentence what the answer was on that date?

FINANCE

REPORTED BANK CHARGE FOR RENEWAL OF PERPETUAL BONDS

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): I have a question for the Minister of Finance. Is the minister aware that the banks are making a charge for renewing the 3 per cent perpetual bonds, and if so has such a charge been authorized by his department?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the hon. gentleman had the courtesy to send me a copy of this question in advance. I made a few inquiries just before coming into the house and ascertained that neither the government nor its fiscal agent, the Bank of Canada, has heard of a charge being made for issuing new coupons on the 3 per cent bonds. I will inquire to to see if that is true.

Mr. Thomas (Middlesex West): Will the minister inquire into such charges being made by one bank in the town of Strathroy?

Mr. Sharp: I certainly will.

[*Later:*]

Mr. Thomas (Middlesex West): Mr. Speaker, I have a further question for the Minister of Finance arising out of my previous question. Will he consider arranging to have the chartered banks compensated by the government for expenses incurred in renewing the 3 per cent perpetual bonds, so the banks may not take a dislike to me.

Mr. Sharp: Mr. Speaker, I said in reply to the original question that neither my officials nor the Bank of Canada are aware of any charge being made. I promised I would investigate, and I will take the suggestion under consideration.

NATURAL RESOURCES

OFFSHORE MINERAL RESOURCES—REFERENCE TO SUPREME COURT OF CANADA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the

Minister of Justice. I apologize for not sending him notice, but I spent a long time on a long distance phone call to Vancouver. Can the minister inform the house what progress is being made by the supreme court with respect to consideration of the constitutional issue related to the continental shelf?

Mr. Speaker: I wonder if this question should be asked at this time. It is a matter of very general import. I think the question should not be asked in this form, and it would be more appropriate for the minister to make a statement on motions.

[*Translation*]

INQUIRY FOR RETURN

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I wish to direct my question to the Minister of Transport.

On February 2, 1966, the house, at my request, passed a notice of motion for the tabling of correspondence between the federal government, the Quebec government and the corporation of the Trois-Rivières bridge.

Since that time I put three or four questions to the minister and he gave me interesting and encouraging answers.

So as to celebrate the first anniversary of this request, could the minister present me with a definite answer this afternoon?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I hope that on this occasion the bear will be able to see his shadow and that something can be done about it.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—POSSIBLE DELAY THROUGH DESIGN CHANGES

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is to the Minister of Public Works. In view of the very general concern now being registered in Prince Edward Island I wonder if the minister could tell the house whether he has been in contact with the premier or government of Prince Edward Island in connection with the news which is being spread about the design of the Prince Edward Island causeway. Has the minister been in touch with the government?

Hon. G. J. McIlraith (Minister of Public Works): No, Mr. Speaker.

Inquiries of the Ministry

Mr. MacDonald (Prince): A supplementary question. In light of this uncertainty, is the minister making plans to contact the government of Prince Edward Island about this matter?

Mr. McIlraith: No, Mr. Speaker. I am not clear as to the uncertainty about which the hon. member is speaking.

HISTORIC SITES AND MONUMENTS

RESTORATION OF HOME OF SIR ALEXANDER GALT

On the orders of the day:

Mr. Patrick T. Asselin (Richmond-Wolfe): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In his absence might I direct it to his parliamentary secretary, who might take it as notice or answer it.

Has the minister received a request from the Eastern Townships Historical Society that the balance or remaining portion of the house that his department did not order to be demolished—originally the home of Sir Alexander Galt, one of the Fathers of Confederation—be kept and restored as an historical site and monument? What are his intentions regarding the request, and will the minister accept the invitation of this society to visit the site before any decision is made?

Mr. Speaker: Order. This would be a very good subject to discuss at ten o'clock.

Mr. Asselin (Richmond-Wolfe): Ten o'clock, Mr. Speaker.

EXTERNAL AFFAIRS

REQUEST FOR INCREASED AID TO DEVELOPING COUNTRIES

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 very important speech made in Ottawa two nights ago by Mr. Escott Reid, a retired outstanding Canadian diplomat, in which he urged a tripling of Canada's contribution to developing countries, would the Prime Minister indicate whether the government might bring appropriate legislation respecting this matter before parliament during this centennial year?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, our intentions for the current year in this regard have already been made known and represent a considerable increase in external aid. A program has been worked out which I hope will make it possible, if parliament approves, for our foreign aid within a short period of time, two or three years, to reach 1 per cent of our national income.

Mr. Knowles: A supplementary question, Mr. Speaker. Is the Prime Minister aware that Escott Reid's suggestion is that we aim at 3 per cent?

Mr. Pearson: Yes, Mr. Speaker. I did have the pleasure of reading Mr. Reid's speech.

Mr. Raymond Langlois (Mégantic): A supplementary question to the Prime Minister in relation to the subject of external aid. Is it the intention of the government to revise their present policies in connection with the admittance to Canada of students from foreign countries in order to see whether there is some better arrangement that can be made to help out these countries, or to find some method of returning these students once they have graduated?

Mr. Pearson: Mr. Speaker, I think the arrangements are working out very well at present and are an important part of external aid; but if there are any improvements that can be made I know those responsible will be very glad to consider any suggestions.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a supplementary question for the Prime Minister. Has the government under consideration the allotment of further moneys to finance students from other countries who come to Canada to obtain their education?

Mr. Pearson: Mr. Speaker, I think my hon. friend may not realize that at the present time, if my figures are accurate, there are about 2,800 foreign students in Canada under our external aid program. This is a pretty important part of our general allocation. I believe in addition to the 2,800 students there are 600 Canadian teachers in less developed countries.

Mr. Nasserden: Mr. Speaker, I can assure the Prime Minister that I was aware of that, but I was wondering whether the government was going to extend its assistance beyond this.

Mr. Pearson: I have just announced that funds will be increased this year, Mr. Speaker.

Mr. Langlois (Mégantic): A further supplementary question, Mr. Speaker. The Prime Minister answered the first part of my question when he mentioned there were 2,800 students in Canada, but I was wondering whether he could answer the latter part of my question.

GRANT TO STUDENT ORGANIZATION ASSISTING U.S. DRAFT DODGERS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister based on the reply yesterday to my question regarding the activity of the Student Union for Peace Action. The Prime Minister replied that he did not know of any assistance the government was giving to this organization. He went on to say that certainly this is not an organization that should be assisted in this kind of activity. I ask, then, what was the purpose of a grant of $4,000 given to the Student Union for Peace Action through the Privy Council office last year, which appears on page 34-4 of the public accounts for the fiscal year ending March 31, 1966.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that assistance was not given for the purpose indicated by my friend's question yesterday and referred to by him today.

Mr. Starr: A supplementary question, Mr. Speaker. As it has been announced that the Student Union for Peace Action will place advertisements in United States magazines outlining assistance available to United States draft dodgers here in Canada, will the Prime Minister assure the house that no part of the funds already granted to this organization by a government agency will be used to this end, and that no further public money will be granted to this body by the government or any crown agency?

Mr. Pearson: Yes, Mr. Speaker, I will; and I agree that public funds should not be used for that purpose.

VETERANS AFFAIRS

PRESENTATION OF WORLD WAR I DECORATIONS—COMMEMORATION OF BATTLE OF VIMY RIDGE

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I have two questions for the Minister of Veterans Affairs. I wish to ask both now for obvious reasons. The first one arises from the statement made yesterday by the Prime Minister about the royal visit. I am informed that a number of world war I veterans alive today, who won medals for bravery, have never been properly decorated. The method of delivery of the decorations in some cases was through issue by the orderly room only if the unit was still in France. Would the minister take advantage of the royal visit and arrange for appropriate ceremonies so that Her Majesty or His Royal Highness might make presentations to the veterans concerned?

My second question concerns the fiftieth anniversary, next month, of the battle of Vimy Ridge. Will the minister as a gesture of gratitude to surviving Canadian veterans of that battle arrange a second visit to the battlefield for them in this anniversary year at government expense, as was done 50 years ago?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I will look into the matter raised in the first question. I have no knowledge of it at the moment, but I shall see if anything can be arranged. I could not give any kind of reply to the question at the moment, but I shall look into it.

In reply to the second question, while plans are not yet complete they are in the process of being completed. The intention is to have representatives of those who took part in the battle of Vimy Ridge 50 years ago attend. I doubt very much if it is possible to transport all survivors to this commemorative service at this time. Certainly there will be a representative group of Canadians and surviving veterans of Vimy Ridge in the official Canadian delegation to that ceremony.

Mr. McIntosh: A supplementary question, Mr. Speaker. Considering the small number of survivors, after 50 years, would the minister not reconsider the word "representative" and give all veterans a chance to attend?

Mr. Teillet: Certainly I shall reconsider, but I doubt if it can be changed. However, I shall have another look at the matter.

CANADA ASSISTANCE PLAN

SASKATCHEWAN—REPORTED REQUIREMENT FOR QUALIFICATION

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I wish to direct a meaningful question to the Minister

of National Health and Welfare. Is the minister aware that in the province of Saskatchewan some applicants have had to dispose of their homes and be out on the street before qualifying for assistance? Is this the intent of the Canada Assistance Plan or, for that matter, of any joint assistance plan in effect?

Hon. A. J. MacEachen (Minister of National Health and Welfare): The answer is no, Mr. Speaker.

SHIPPING

INQUIRY INTO BOILER ROOM EXPLOSION ON "NIXON BERRY"

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of Transport and preface it by a faltering exercise: "Merci pour le rapport à propos *Manseau 101*." I ask the minister if he has come to a conclusion about the appointment of a commission regarding the accident and subsequent fatality on the *Nixon Berry*, about which I asked him the other day.

Hon. J. W. Pickersgill (Minister of Transport): I have not reached a conclusion about that.

[*Translation*]

TRADE

REPORTED PROTEST RESPECTING IMPORTS FROM JAPAN

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Minister of Finance. According to recent reports from the office of the Minister of Energy, Mines and Resources (Mr. Pepin), the Minister of Finance has written to the government of Japan to protest against some foreign imports.

Is the Minister of Finance in a position to advise the house today about the nature of those protests and to say whether he has received an answer from the Japanese government?

[*English*]

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have not written to the Japanese government recently on this or any other subject.

[Mr. Korchinski.]

[*Translation*]

IMMIGRATION

ASSISTANCE TO IMMIGRANTS FROM FRANCE AND UNITED KINGDOM

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to address my question to the hon. Minister of Manpower and Immigration.

I should like to know if difficulties encountered by immigrants from France and England triggered the government's decision to send an emissary to those two countries, reporting directly to the Prime Minister on his findings.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, French immigration is an intricate problem and we want to have all the facts before a specific policy is established. While we want to be aware of objections and the situation prevailing in France, we also wish to be informed about them in Canada.

Investigations will be carried out in both places.

[*English*]

NORTHERN AFFAIRS

YUKON—REQUEST FOR TRANSFER OF EXECUTIVE RESPONSIBILITY

On the orders of the day:

Mr. Erik Nielsen (Yukon): I have a question for the Prime Minister prompted by the action of the British government in the last few days in granting independence to six British West Indies islands. Will the government not produce and implement a program for the progressive transfer of executive responsibility to the Yukon legislative council, leading ultimately to provincial status?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, steps are being taken to that end.

Mr. Nielsen: Could the Prime Minister indicate the nature of the steps which are being taken?

Mr. Speaker: Order, please.

[*Later:*]

Mr. Nielsen: I have a question to ask which is supplementary to the two questions I directed earlier to the Prime Minister. It arises out of his reply that steps are being taken for the transfer of executive responsibility to the Yukon legislative council. Since this would involve amendments to the Yukon Act, can the Prime Minister indicate when we will be

likely to see amendments to that act before this parliament in that connection?

Mr. Pearson: I will have to take notice of that question and discuss it with the minister, who is not here today.

[*Translation*]

PUBLIC SERVICE

RECLASSIFICATION OF EMPLOYEES OF NATIONAL EMPLOYMENT SERVICE

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to direct to the Minister of Manpower and Immigration a question which I consider urgent and important, because it affects about 100 employees of the National Employment Service.

As the minister decided a year ago to reorganize and reclassify the employees of his department, and as nothing has been done yet to that effect and several employees consider themselves in an insecure position, can the minister tell us when he will undertake the final phase of reclassification in this department?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, the Minister of Manpower and Immigration has not decided to undertake the reclassification; that was decided several months before he was sworn in as minister. The classification has been done, analyses have been carried out and that has been applied nearly everywhere. We are now discussing grievances of individual employees.

Mr. Valade: A supplementary question, Mr. Speaker.

Has the minister received representations from many employees of the National Employment Service through an association, protesting against the delays of the reclassification procedures?

Mr. Marchand: Mr. Speaker, we have received a number of complaints. In view of the number of employees concerned, those complaints are rather few. Now, discussions are taking place at all levels with those people to settle the problems which have arisen.

[*English*]

COMMITTEE CONSIDERATION OF PENSIONS OF RETIRED CIVIL SERVANTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the hon. member for Ottawa East in his capacity as co-chairman of the joint committee on the public service of Canada. Is the hon. member now in a position to announce when the special joint committee will meet to consider the question of the pensions of retired civil servants?

Mr. J. T. Richard (Ottawa East): I am always happy to give advance notice of meetings to the hon. member here on the floor of the house. The public service committee, ever mindful of its obligations and duties to civil servants, will meet on Thursday next to consider the case of superannuated civil servants.

Mr. Knowles: Hear, hear.

EXTERNAL AFFAIRS

VIET NAM—REQUESTS FOR AID TO WAR VICTIMS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Is the Prime Minister in a position to make a statement today concerning the request of the Quakers in connection with assistance for civilian victims of the war in Viet Nam?

Right Hon. L. B. Pearson (Prime Minister): I do not have the information before me, but I will try to answer the hon. member at question time tomorrow.

[*Translation*]

ADMINISTRATION OF JUSTICE

REQUEST FOR EXERCISE OF CLEMENCY DURING ROYAL VISIT

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, my question is directed to the Solicitor General of Canada.

On the occasion of the visit of Her Majesty Queen Elizabeth II, would the government consider recommending to Her Majesty, as a gesture of royal magnanimity, to grant amnesty or parole to some prisoners, in particular certain students who are in jail at present as a result of separatist activities arising from the passionate feelings of youth rather than from criminal instincts?

[*English*]

Hon. L. T. Pennell (Solicitor General): The question is in two parts. As far as parole is concerned, that is a matter entirely within the discretion of the National Parole Board. As to that part of the question which concerns the granting of amnesty, I will take it as notice.

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question I should like to direct to the Minister of Transport. Can the minister say whether the report of the pilotage commission has been received and, if not, when he expects it?

Hon. J. W. Pickersgill (Minister of Transport): I am afraid I shall have to give the same answer as I gave the last time this question was asked. I do not know when the report will be received, but I am very eager to get it.

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed from Wednesday, February 1, consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Mr. John M. Reid (Kenora-Rainy River): Before the house rose last evening I had been outlining some of the reasons for my support of the policy for the unification of the armed forces advanced by the Minister of National Defence. I suggested, too, that since defence policy is only a continuation of foreign policy, one of the reasons for so much confusion in this debate was the fact that the two committees at work in this area, the committee on foreign affairs and the committee on defence, have been separated whereas in reality they should have been one.

When I broke off at six o'clock, we were discussing the testimony of the generals who had taken part in the second world war, as evidenced by the voluminous memoirs they have written. There is a whole series of books on this subject: "Struggle for Europe" by Chester Wilmot; the memories of Douglas MacArthur, the diaries of Lord Allenbrook, the memoirs of Eisenhower, Bradley, Wavell, Lord Tedder and many others who have felt the need to put their deepest thoughts on paper. One theme runs through all these books; the need for unification of command to end inter-force conflict.

The question which always faced these people was how best to get the army, the navy and the air force to work together effectively.

It has always seemed to me, having read most of these memoirs, that General Eisenhower was a good general, not so much by reason of any military ability he may have possessed but because he could get other generals to work together in a concerted way. Under the terms of this bill the armed forces of Canada are to be unified. The conception of a unified command is a logical one. Indeed, as appears from the article which was read into the record the other night by the hon. member for Lincoln (Mr. McNulty), there is evidence of the beginning of this process in Canada under a former minister of defence, Mr. Brooke Claxton.

If we take this concept and apply it logically there is no reason to stop with the unification of command. It is sensible, logical and realistic to extend the process right down to the bottom as far as it can be applied effectively. There are a variety of tasks which are common to all the services. There is no need for three services to employ three people to carry out, separately, work which could be done better and more economically on the basis of unification. If a man is an administrator in one area it seems reasonable to assume that he can administer in another. There are great savings to be gained in personnel, in time and in money by embarking on such a program as is now proposed.

Then again, since all those who make up the armed forces are serving their country, there seems no real reason for retaining separate uniforms, a separate rank structure separate forces and all the rest of the conventional paraphernalia. This bill completely reorganizes the structure of the armed forces. It is designed to bring the armed forces into line with the conditions and needs of society today. It is unthinkable to me that we should organize our armed forces today in accordance with concepts which possibly were relevant in the days of the first world war.

The armed forces must represent to a large extent the organization of the society which brings them into being, which depends upon them for its safety and which uses them as its instrument in the conduct of foreign affairs.

This is a revolutionary measure. The bill before us brings the armed forces into the second half of the twentieth century, taking account of the weapon technology of 1967 and the 1970's. I believe it to be as revolutionary as some of the social service measures which have been brought down by this government during the past year. I think, for example, of the concept of the guaranteed annual income which will give us a new approach to social

security. So too I think this measure will revolutionize the organization of the armed forces.

• (3:20 p.m.)

Some criticism has been advanced to the effect that we are the only ones engaged in this type of program. I ask the question, why should we follow? Why should we not lead? It is probably true that we are the only ones doing this, but on the other hand our needs are quite different to the needs of other countries. It behooves us to be responsible enough to provide ourselves with the tools to do the job we want to do. It is not necessary for us to follow the military structure of the super powers. It is necessary for us to create a force which will do what we want it to do.

In this debate a variety of surprising things have taken place. One is the charge that unification has been suddenly thrust upon an unsuspecting and unprepared parliament. I cannot understand this argument. If we go back to the time this government first was elected, we will recall that a special defence committee was set up. That committee looked into this matter. Then there was a white paper. Goodness knows the defence committee sat often enough. It had 81 meetings, 2,300 pages of evidence were recorded, and a total of 103 witnesses appeared. The associate minister was in attendance at 63 meetings, and the minister answered some 857 questions. This does not take into account the amount of time we have dealt with defence matters in the House of Commons.

It seems to me that those who make such a charge are doing themselves a disservice, because it indicates that they did not do their homework, that they did not read the documents and were not prepared to debate the issue with regard to integration and unification.

Had these members done their homework and had they known what they were talking about, then during the committee meetings they would have taken the opportunity to probe the minister and his officials in order to get to the bottom of it. Instead, this only came out after a series of admirals had resigned from the service; that is, after there had been a so-called admirals' revolt. When this was going on I received a letter from one of my constituents who had served in the navy. He told me that if this was the most effective way the admirals could fight, he was very thankful they had left the service.

Mr. Winkler: Shame.

Mr. Churchill: Those men risked their lives for you.

Mr. Reid: If hon. members wish to get to the meat of this bill, then I think we should complete this debate as quickly as possible and send the bill to the committee where witnessses could be summoned and all the facts could be gone into. The longer this bill languishes in this House of Commons, the longer we will have to wait before the investigation which hon. members opposite want can begin.

Mr. Churchill: Mr. Speaker, will the hon. member permit a question?

Mr. Reid: Certainly.

Mr. Churchill: Will the hon. member take this opportunity to withdraw the slanderous statement he made with regard to the admirals, all of whom risked their lives in the service of their country. The hon. member has put a stain on their record which I do not think should remain. I think perhaps the hon. member would like to make a statement of clarification with regard to what he said a few moments ago.

Mr. Reid: Mr. Speaker, I was quoting from a letter I received from a constituent.

Mr. Winkler: And accepting responsibility for it.

Mr. Reid: I will be quite happy to withdraw those remarks. Perhaps it was unwise for me to make them.

Mr. Winkler: You are learning.

Mr. Reid: But in many cases their effectiveness in this area has not been what I would have liked it to be. However, I do withdraw the remarks. In any case, I hope we will soon have a vote on second reading so this bill can go to the committee to be properly investigated.

There has been a certain amount of energy directed toward the constitutional question which has amused me. It has been stated that the government should send the bill to the committee without having a vote on second reading on the principle of the matter. This seems to be completely at odds with the concept of responsible government. If the government is willing to accept the responsibility for bringing forth new legislation, and if the supporters of the government party are satisfied with it, then it seems to me the government is fulfilling its responsibility in bringing

a clear-cut program to the Canadian people. It appears to me that the only time the action of sending a matter to a committee for investigation would be warranted would be when the government had not made up its mind, when there was a great deal of dissention about the effectiveness of the matter, and when they were looking for additional information.

In the present circumstances, however, I think those who suggest that the measure should not be voted on before going to a committee are taking an irresponsible approach.

Mr. Douglas: Is the hon. member suggesting that the Minister of Transport was irresponsible in sending the transportation bill to a committee of this house before the bill was given second reading?

Mr. Reid: As I understand it, the Minister of Transport referred Bill C-120 in 1964 to the committee for direction. As I said in my remarks, this should be done only when the government feels there is a great deal of dissention and where there is no firm opinion on the government side of the house concerning the effectiveness of the bill.

The other matter on which I should like to comment is the personal attack on the minister. It seems to me that this has displaced a good deal of good, honest debate which might have taken place. The minister may or may not have a propaganda machine backing him up, but this has nothing to do with the subject matter of the bill. One could be in favour of the bill without having to like the minister, and one could like the minister without having to like his bill. It seems to me, however, that we should be devoting our attention to the subject matter and the principle of this bill instead of using the bill as a cloak for a personal attack.

An hon. Member: Or for attacking admirals.

Mr. Reid: It seems to me that some of the behaviour we have seen in this house and some of the attacks which have been made by hon. members opposite tend to prove the old adage that people become more aroused over trivialities than they do over serious fundamentals, and that the amount of response often is in inverse ratio to the profundity of the issue.

I should like to close by quoting an anecdote about Albert Einstein. Mr. Einstein was once asked why it was that mankind, having been clever enough to achieve the grand scale release of nuclear energy, was apparently unable to avert its use in the destruction of mankind. "That's very simple," Einstein replied. "It's because politics is far more complicated than physics." We certainly have seen an illustration of that in the debate on this bill.

Mr. Robert McCleave (Halifax): Mr. Speaker, I am delighted to take part in a debate which is a bread and butter issue for my constituency as well as having the major ramifications of life and death.

First I must state my regret concerning the way in which the early part of this debate has progressed in this chamber. I think the minister brought no credit and probably demeaned himself by endorsing what really was a goon squad approach in allowing young and enthusiastic members of the Department of National Defence to engage in the debate while in the gallery of this house; not speaking out in the manner of rowdyism but exhibiting rowdyism none the less. If this is indicative of the mentality of the minister and those people, then I say they should all go; because past ministers of national defence and past military people in the Department of National Defence always were very careful to assert the civilian predominance over the military. This sort of approach, I presume derived from the truth squad of bygone days does not add to the minister's charm or reputation.

• (3:30 p.m.)

I also regret that a publication entitled "An Address On Canadian Forces Reorganization", which purports to be a speech of the minister in the House of Commons, has been tampered with somewhat in its publication. It does not reflect the proceedings that took place in the House of Commons on that particular day. For example, all references to Mr. Speaker have been removed and there are other forms of editing such as cutting out the interjections of other members. In this sense I say there has been some tampering with the record and an attempt to present a picture to service people which is not really accurate. When page five is compared with *Hansard* it is apparent that some seven changes have been made. I do not think the minister or whoever was responsible for this has done himself any credit by such an abuse of the use of the record of parliament.

One point has been made over and over again and I merely mention it briefly. I refer

to the failure of the minister and the government to develop policy on an all-party basis. In other words, there has been no effort to develop a policy which would reflect the contributions of all members of parliament rather than the views of the minister. This is regrettable but the point has been made on several occasions and I do not intend to belabour it.

Our main concern relates to the objectives of military policy. The last speaker, drawing on the inexhaustible information he acquired in his political science course at university, pointed out that military policy is really an extension of the diplomatic policy of any country. That is true. Military policy may be either of an aggressive nature or a defensive nature. It can be fairly said of Canada that our policies have always been of a defensive nature and in line with our diplomatic objectives as a middle power trying to bring about an easing of tensions in the world.

The Associate Minister of National Defence (Mr. Cadieux) in his thoughtful address yesterday, which I very much appreciated listening to and reading today, pointed out that military policy is an attempt to create a mix of peace-keeping functions in living up to our international obligations and our obligations in regard to the defence of Canada. These are worthy aims but the question arises whether the minister, the associate minister and the government are carrying on a course of action which will be the most effective in achieving these aims or are perhaps giving more attention to one part of the mix and not enough to another. My own view is that as a result of the bill now before us we are not going to achieve the utmost in value for our defence dollar and that what is being done will not be in the best interests of this country.

The question we must ask ourselves is whether unification will satisfy Canada's needs. Unity at the top seems to be acceptable, and unity in respect of supply and support services is probably acceptable. During an earlier debate I said that I had seen supply and support groups, engineers, ordnance men and the like working in a common service battalion at Camp Gagetown a couple of years ago. I was impressed by the operation and by the fact they seemed to be happy working together. Perhaps there can be no quarrel about the concept of unification in respect of supply and support services, though the minister and his department will find that because of the great degree of specialization required in the different services this may be rather difficult to achieve.

The most resistance in respect of unification occurs at the combat level. Surely it is the combat level, which of all levels, must have efficiency, with which we must concern ourselves. We cannot blind ourselves to the opinions which have been expressed by those who might be termed traditionalists. A great friend of the minister—I assume they are still friends—has been quoted from time to time. I refer to R. S. Malone, publisher of the Winnipeg *Free Press*. *Let* me read something that has not yet been placed on the record so far as I am aware. Mr. Malone is quoted in the Bulletin of the maritime command, December 1966 issue, as follows:

> In my view two cardinal errors have been made in our integration program. Before examining these in detail, however, let me say something on the subject of esprit de corps. For those who have ever been on active service no explanation is necessary. Every commander in history, however, is on record as to the all important value of regimental pride and spirit—from Caesar's legions to Napoleon's old guard—or in England—The Rifle Brigade, the "Buffs", the Grenadier Guards, the Scots Guards, the "Fore and Afts" and all the other units of fame and tradition...in Canada in the past hundred years we have built similar reputations for such regiments as the Black Watch, the Queen's Own, The Van Doos, the Patricias, the 48th, The Little Black Devils, The Seaforths, and so on, right across the country. All of these units, as well as our famous naval and air units, have come to mean something very real in our national structure. Thousands of men have given their lives in building these deserved reputations.
>
> Comparing the respective values of esprit de corps to actual numbers in battle Napoleon placed the comparison in the ratio of 4 to 1.

That is the opinion of a person who certainly should not be classified as a "Colonel Blimp". If the minister thinks he is of that type he certainly has not publicly said so in respect of his dear old friend, Brigadier Malone.

The Naval Officers Associations of Canada, in dealing with the same subject in a letter of October 3 to the chairman of the standing committee on national defence, made this point at page five of their presentation:

> —we have been conducting a survey since the spring of this year with the following results:
>
> Only 25.3 per cent have been "combat" types, but 95.1 per cent of these men wanted to be quickly recognized as "air crew" or "sea going" or "land fighters". A distinctive cap and arm insignia did not appear to be considered as a distinctive uniform by naval and air force men. About all that can be said for the results of the survey, and our other similar inquiries to date is that in view of the lack of availability of reliable data elsewhere, the results are interesting, and suggest that a properly complete survey might well be usefully informative to all concerned.

• (3:40 p.m.)

It is also interesting in examining the traditional point of view to go to the Canadian Army Journal, volume 1, issue No. 12, of March, 1948, in which is contained a speech made by the minister of national defence of the day, the Hon. Brooke Claxton, in Kingston. In that speech he dealt with the point of a single service. Because the remarks are relatively short I will quote all his observations at that time. They are to be found at page 3 of that issue:

> A single service? At this point it will become obvious that I have been proceeding on the assumption that we shall continue to have three services in Canada. But a very considerable body of people put forward the case for a single service as one way of solving many difficulties. There is a good deal in this, and perhaps one day we shall come to it.
>
> At present, however, the advantages of having a single service are not nearly as great as would at first appear. Tradition is important: pride in the service, pride in the uniform, are very real things. The functions of the three services differ from each other and produce consequent differences in training and operations. Since specialized training is required to run a ship, a wing or an armoured brigade, it is obvious that even if we had a single service we would have to call parts of it "the naval arm," "the air arm," "the army arm," or "branch" or something else, and in the result we would be just about where we are today.

The minister and his party enjoy a certain advantage in this debate in that public reaction to the issue so far has been relatively one of indifference. This does not, of course, excuse us from our obligation to express as forcefully as we can our feelings on the matter. What we are doing today will reflect either the wisdom or lack of wisdom of the government and this parliament when times of trouble come upon us. The point about the public reaction though is perhaps one that is favourable to the minister in that not much of a desire to examine the topic has been manifested. Therefore the minister's plan does not come in for the critical type of analysis which I think it should be subjected to and which it certainly will receive here.

Scott Young in a delightful essay in the Toronto *Globe and Mail* of Tuesday, November 15 last, put it this way:

> The lack of curiosity shown by most Liberals in what the defence department will get for its money leads one to suspect that if a Liberal cabinet minister shot his grandmother at centre ice in Maple Leaf Gardens, the Conservatives and New Democrats would still have to filibuster in interim supply to get an inquiry started.

One of the members of the press gallery, Mr. Paul Akehurst, made a point a few days ago. I was listening to his remarks over CJCH in Halifax. He was on an open-line program. In this instance he was in Ottawa but the broadcast was going to Halifax. Paul Akehurst said that the minister was enjoying a certain success with the public and with his own backbenchers because he was making decisions. Mr. Akehurst left aside any consideration whether the decisions being made were useful or sensible. He said the minister was filling a vacuum that existed in the Pearson government, that he at least was going out and doing something, and that this brought him a certain amount of public acclaim. Again I say there was no question raised whether or not these decisions were sensible, but the minister may want to take whatever comfort he can from Mr. Akehurst's remarks.

There are very proper questions that will have to be answered in the committee when the bill goes to it shortly. There are questions that raise serious doubts about the good effects of a unification policy and the competency of the Minister of National Defence to provide an effective defence policy for Canada. The proportion of naval officers and men serving at sea has been shrinking. At one time I believe that over 50 per cent of those in the navy were serving at sea but I understand that the figure is now under 50 per cent. Can this be said to be a successful defence policy?

There was the case of the short-term pilots who were let out, later creating a crisis in the Royal Canadian Air Force. Can this be said to be a successful defence policy? A dozen or more senior officers have either left with the golden handshake or have been booted out. These are men who have given distinguished service to Canada, whose views surely must have had a hand in the past in shaping defence policy and whose views, one would think, should be welcomed now. But they are gone. Can this be said to be a successful defence policy?

Admiral Landymore has made the point that even with the few steps in the direction of unification in his own maritime command the administrative costs have trebled. As one of our objectives in Canada we try to achieve as much for the defence dollar as possible. Yet there appears to be, from Admiral Landymore's statement, a wastage of dollars in administration. Can this be said to be a successful defence policy? In addition, though the minister trumpets the virtues of unification to the world the world does not listen

and nobody else is following Canada's lead. Can this be said then to be a successful defence policy? Is Canada to be the only nation in the world in step, with everybody else out of step?

So far as the military opinion is concerned, it seems to me that most of the anti-unification feeling is precisely at the level where the most important part of our national defence effort should lie, that is, at the combat level. The voices of experience there are saying that unification simply will not work. We have the views of Lieutenant General Guy Simonds and Major General C. Vokes in a letter dated August 31 of last year which has been given some circulation. I will read the summary rather than going through the major part of their brief:

> To summarize, it is our opinion—
>
> (a) That the aim of governmental military policy has become wrongly oriented, by ignoring the possibility of having to mobilize for a major war.
>
> (b) That an "integrated" defence headquarters in Ottawa and at other high command level is correct.
>
> (c) That the reorganization of the command and administrative function of each service, below national defence headquarters, into one set of integrated functional commands; and the projected scheme to "unify" all three services, is the direct result of the wrongly oriented aim of Canadian government military policy.
>
> We believe that (a) and (c) should be corrected before it is too late, and that this should be a matter of foremost concern for all Canadians. This is our only motivation.

• (3:50 p.m.)

I turn again to the minister's great friend, Mr. Malone, who has made the following point:

> Techniques and skills are not all interchangeable nor are all vehicles, weapons and communication services. For example, there are vast differences between operating a tank and a submarine. As in civilian life you could expect service on your car from a mechanic at almost any service station. Yet, you could hardly expect that same mechanic to be an expert on marine engines or airplane motors. To make this possible would be a very costly and wasteful exercise.

My concern about the unification upon which the minister would have us embark is that it may create a monolithic rigid and therefore immobile structure rather than a flexible one. Some of these issues are important, particularly to the province of Nova Scotia. We are concerned about the study that has been carried out by the Department of National Defence regarding the closure of bases. Although we do have the assurance of the Associate Minister of National Defence that no bases will be closed in 1967 I wish we had an assurance that none will be closed in 1968, 1969, 1970 and onward.

Here is what will happen in some of the municipalities when the bases are closed. The taxpayers who have chipped in together with the Department of National Defence, to provide first rate educational services will be left with a staggering tax load. The schools are paid for over a period of say 20 years, and if bases are arbitrarily closed then the tax burden alone assumes the proportions of a Frankenstein monster. I think that in considering the closure of bases the department should deal with this very fundamental point.

Then there is the economic effect on different areas. For example, in western Nova Scotia it would be a disaster if Cornwallis base were to be closed. The detrimental effect on that area would undo all the good that other departments of the federal and provincial governments have done to bring about more economic viability in western Nova Scotia. I think it should be noted that Nova Scotia stands united in its opposition to the minister's policy. We do not have political differences in this regard.

The leader of the Liberal opposition in the province of Nova Scotia and former member of parliament, Gerald Regan, made the following statement in talking about what he was going to do at the annual meeting of the Liberal Association of Canada held last fall:

> I am not sure what is meant by unification of the armed forces. Everyone seems to have a different version, but I am concerned that the existence of the three separate identifiable branches of our armed forces, the navy, army and air force, should be retained. Therefore, I have given notice of a resolution praising integration but calling for the continued existence of the navy, army and air force as separate identifiable branches of an integrated armed force, and for the retention of distinctive dress uniforms for each of these three branches.

The views of the New Democratic Party in Nova Scotia are also of interest in this regard. They are certainly different from the views that were expressed in the house yesterday by the hon. member for Greenwood (Mr. Brewin).

Mr. Pugh: There are no members of that party in the house right now.

Mr. McCleave: Yes, that is so, but I understood the position of the hon. member for Greenwood yesterday to be that he was tearing a paper tiger to pieces and then sanctifying the mincemeat which was left over. In other words, he criticized the policies of the minister and the Department of National

Defence and then said that in any event his party would vote for the bill. However, the leader of the New Democratic Party in Nova Scotia takes a more forthright view of this issue. On September 21 Professor J. H. Aitchison had this to say in part:

> Governments have been known to change course before now, and ministers have been changed. Mr. Hellyer is in trouble and the cabinet and the Liberal party will be in deep trouble if they allow him to continue on his present course. The best thing that could happen is for the cabinet and the Liberal caucus to require Mr. Hellyer or a successor to him to change course. If that happy result ensues, it will be due chiefly to Admiral Landymore and officers like him who have served their country well.

As I said, Nova Scotia is united in opposition to the policy of the Minister of National Defence.

I should like to deal with two small side issues before concluding my remarks. Last year I suggested that the minesweepers, although they are older ships, should be reactivated for two reasons. First, they would provide an economic method of training younger officers instead of putting them willy-nilly on the bridge of large and expensive ships and, second, mine warfare skills are not easily acquired and have to be studied and practised. I believe that the minesweepers are now back on the water and I compliment the minister for accepting that suggestion.

The other point, which I raised in the house the other day, deals with a bulletin published by a private company in Dartmouth. It is called "The Bulletin of Maritime Command" but actually it is an unofficial publication, and the maritime command has now set up a new publication which officially represents its views. The Bulletin of Maritime Command is dead set against the policy of unification and it makes no bones about it. It publishes articles criticizing the concept of unification, although admittedly they are not signed by people in the services.

Distribution of this bulletin is not permitted on ships of the maritime command. In short, there is a form of censorship at work and a definite discrimination against this publication. I hope the minister will be open-minded enough not to attempt to keep away from the services those aspects of this issue which may be unfavourable to him. I think that as citizens in a democracy they should have the right of access to all forms of information just as we outside the Department of National Defence have. I hope that this policy, which does not reflect credit on the minister or his department, will be changed and that this bulletin will be distributed in the same way as other publications.

• (4:00 p.m.)

Finally, I want to say that I reject the concept of unification which, by the way, was last tried in the reign of Queen Anne. At that time there was a captain general of all the forces. You see, we are not going ahead into the twenty-first century, we are going back to the eighteenth. I reject unification because it fails to take into account service conditions; it fails to take into account specialization because nobody who knows the subject can be satisfied the economies will accrue that it is hoped will be achieved. I think it is flimflam and a piece of razzle-dazzle which the minister in particular wants as an expensive memorial to himself. However, I do not believe it is in the best interests of Canada and I propose to vote against it.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, the electors I represent here are concerned about this matter of unification and integration for various reasons. The first one is that we have at home a regiment which did our country proud during the last war and which, as a reserve regiment, is still very active. This matter is discussed on the principle that we believe in effectiveness, economy and competence in the organization of defence and all other government services.

I feel justified in saying to the house that all the people I represent approve of the unification and integration program for another reason, namely because General Allard, who is chief of staff of the armed forces, is one of our native sons. As a matter of fact, according to his biography, he was born in Sainte-Monique, in the riding of Nicolet, but he left when still quite young for Trois-Rivières where he got his early schooling and experience. That is where he joined the army and his studies, hard work and competence earned him promotion after promotion. He enjoys the full confidence of our men.

When we heard that the government's unification and integration program had General Allard's full support, our people said: That's all right, we support it. And they asked me to express their views in the house.

What is it all about, Mr. Speaker? I said a word about it a while ago. The object is to make our defence system more efficient; it is to increase competence, to concentrate our technical skills, instead of leaving them

divided among three services; it is also to avoid disastrous delays which occur because of that multiplicity of commands and services; it is to avoid conflicts of authority which we so often witness in some countries, conflicts of prestige precisely because there is a great desire to uphold ancient traditions which very often result in ranks, dazzling uniforms or certain small prerogatives acquired through the centuries but do not meet modern army needs for efficiency.

Mr. Speaker, in order to define exactly what the object is, I have some literature which gives explanations that I should like to comment on, in order to circumscribe the debate. For instance, in reprinted articles in the Toronto *Telegram*, I find things that seem to be quite concise and quite to the point and which read as follows:

[*English*]

This requires unity of planning at all levels, especially in projects and priorities.

The other objective was most fire power, most flexibility and the fastest response possible for the taxpayers' dollar. The unified force would reduce duplication which has increased sharply over the years.

"Admirals and Air Marshals no longer have to write to each other when combined reserves are required," says Hellyer. "One unified command can work out a plan and issue orders, as combined operations did during the war.

This gives us instant decision making, which is more important than ever before."

In the process, there is more control over the military, as recommended by the Glassco commission's investigation of government operations.

[*Translation*]

And it goes on:

[*English*]

"Similarly, there is no lack of competition. The sailors will press for more ships, the soldiers for more tanks and the airmen for more planes.

This is as natural as breathing. Competition will not be lost, but it will be contained at the service level."

[*Translation*]

And a bit further, other advantages are listed:

[*English*]

A new single pay system is being developed in three stages over three years. By that time, when the system is fully automated, pay services will be provided with 650 fewer men.

Recruiting organization has been integrated. This has been discussed for 15 years, but there is no agreement among the services, which sometimes had their recruiting offices in the same building.

The new Canadian forces recruiting centres enlist officers and men for the army, navy and air force. Recruiting is higher than last year so far, but the job is being done with 30 per cent fewer people.

Before integration, there were five separate intelligence organizations at headquarters. Now, there is one.

[*Translation*]

And further on, we read:

[*English*]

Savings and an increase in efficiency are also expected from the new Canadian forces communications system.

[*Translation*]

So, that explains fully, for those of course who do not doubt the minister's word, what the aim is. It is crystal clear and should win over all those who really believe in the old proverb that unity is strength. Consequently, concentration of technical skills, especially in defence, more than anywhere else, will ensure the best results under the best circumstances.

Objections have been made, some of which are constructive and deserve to be brought forward in this house if we want to know the opinions held in all sectors of the Canadian people before passing the bill. On the other hand, some of them are whimisical and smack of some kind of personal aversion for the minister, and they result in criticism that, to my mind, should not be allowed in this house if I am to go by the rules founded on the century-old precepts of the gentlity which were explained to me upon my arrival here.

Other purely sentimental objections have been put forward; some people would like to maintain traditions charming in themselves, but certainly not fundamental qualifications for an adequate national defence system.

Concern over the possible disappearance of the pipers, or whether the kilts will be retained, lengthened or shortened, whether dress uniforms in each of the services will still be *sine qua non*, etc., in my opinion, this type of concern is unwarranted.

• (4:10 p.m.)

I think that if this were the hon. minister's only worry, he would readily tell everyone: "Keep your kilts and we will keep our pipers; if the French Canadians want their arrow sash, they can have it; but please, let us get on with unification and integration so that this first-rate defence force can be set up as quickly as possible, and in the best conditions."

Sentimental considerations do not agree very well with North American tradition; we were taught that two and two makes four

and that we should not let ourselves be influenced by traditions which are very nice in themselves, but surely not based on efficient administrative principles.

Mr. Speaker, some complain that the matter has not been adequately explained. I shall come back to this later. It seems to me that more than enough explanations have been given and that ample discussion has taken place. But at any rate, let us consider those criticisms as well-founded and suggest that the minister continue providing factual and specific explanations, so that no Canadian may complain of being kept in the dark concerning unification.

I say no Canadian of good will, because I notice some who refuse to understand, and there are none so blind as those who do not want to see, who do not really aim to provide an efficient and modern defence, but who pursue instead partisan concerns or personal grievances against the minister.

Some complain that we are proceeding too hastily. It might be, Mr. Speaker, that we are proceeding too quickly for some people. But in our day and age, if you are not quicker than your neighbour you may be too late very often. It is probably more so in the field of defence than anywhere else: The first one there will win the battle, not the last one. In the re-organization of our defence system, such a principle is surely useful and valuable.

I am somewhat surprised at the feud being carried out by the opposition—that is to say, I am surprised, yet I am not, because they obviously have a political opposition role to play and they intend to play it, except that expensive delays will occur as a result, for all concerned, But at least, they are fulfilling their role.

I cannot say as much for the admirals' revolt, Mr. Speaker, for I have always thought and many people share my views, that a reasonable defence system is required in this country. I believe in the military career and I have always felt that in their career, the military should have a basic principle that discipline is something fundamental and that the higher ranking the officer, the more he should set an example of discipline. Many of those admirals were more interested in playing politics than in setting an example for their subordinates. This may be one of the reasons for the weakening morale of our troops, if it has indeed weakened.

In my opinion, those who complain that these admirals had to resign their commission or were dismissed do not help the morale of the armed forces nor that of the Canadian people, because it is true that the higher the rank of a soldier, the more he must set an example with regard to discipline, and it is not the admirals but the government in power which determines a national defence policy. Let the officers be consulted in time, I agree, but when consultations are over, it is time to submit. This has always been an unquestionable principle in any country which has tried to establish an efficient defence system. Therefore, I find the revolt of the admirals most objectionable.

Besides, there is an old American saying which is quite plain: Get in or get out. I think it applies to admirals and generals as far as government policies are concerned. Now, we have been talking about a unification policy for fifteen years, and I think it is time for action.

Some nostalgia will have to be overcome, of course. In all modern progress, old customs are discarded and many people sigh for the good old days. Every modern economic revolution is made in spite and at the expense of some of the keen feelings one might have had heretofore.

I have seen, for example, in a western paper I believe, an editorial entitled: "Are we losing our pride?" Then, to show that there should be national pride, the article spoke about flags, kilts, pipers, and that sort of things.

Mr. Speaker, if our national pride must be based on such artificial things, I believe that Canada's future is in danger. Our national pride should be based on a concern for efficiency at the lowest possible cost, on the belief that we have a defence system which is entirely adequate and which was able to derive maximum benefit from all the skills we attracted into it.

I have said, sir, that in my opinion, improper criticisms had been made in this debate. For the guidance of the house, I should like to note a number of them.

For instance, I did like the approach taken by the hon. member for Calgary North (Mr. Harkness)—perhaps I am mistaken as to the name of his riding—as well as that taken by the hon. member for Winnipeg South (Mr. Sherman), whose views I do not always share and who sometimes seems to be fanatic. But he gives facts, advances arguments, explains them his own way, although it may be in an intransigent way. But when I see certain other hon. members trying to tie the minister

to the stake, trying to attack his personality, I am of the opinion that nothing is being settled. I should like to quote some cases in order to arrive at a conclusion which I believe the vast majority of my colleagues will approve.

The hon. member for Edmonton-Strathcona (Mr. Nugent), referring to the minister, said, as reported on page 12477 of *Hansard* for January 31:

> His prime purpose is to ensure his own greatness.

Mr. Speaker, if one started from that principle, one could say of the opposition members that their first objective is to further the political interests of the Conservative party. It would be just as unfair, Mr. Speaker; in fact, it would be mean. The hon. member went on:

> This is the first time that parliament has ever been so affronted by any minister of the crown.

Parliament is affronted. I have heard many hon. members raise questions of privilege to protest against that affront to parliament.

> The minister is guilty of tampering with evidence and he has done so for the purpose of ensuring that parliament does not get the information which is essential before it can decide—

Those are serious charges, Mr. Speaker, and I think that the hon. member who made them is serious. He added:

> —it is sheer hypocrisy and I am amazed at the hon. member's effrontery in making such a suggestion to the house.

Mr. Speaker, I feel that the hon. member who made those serious charges should ask the house to have the minister called before the committee on privileges and elections if he really meant what he said. Then, after blaming the minister for not giving enough explanations, he said:

> —I do not think anyone—is prepared to accept the minister's testimony—

Then why ask him for explanations if, at the outset, one will not believe what he says.

> —we must even suspect his motives.

It is always the hon. member for Edmonton-Strathcona (Mr. Nugent) speaking and he added:

> —I cannot in all conscience accept any information pertaining to defence which he gives to the house as being helpful to us.

The minister who has the support of about a score of ministers and some 130 members would then be guilty of imposture.

Mr. Speaker, to my mind those are unconsidered accusations. He continues by saying:

> Certainly this is not the only insult which he has thrown at most of the top personnel—

And he continues in that vein, but I shall spare you the rest. I apologize for seemingly lecturing my colleagues who are more experienced that I am. But I feel, Mr. Speaker, that in this year of the centennial of confederation, our first concern should be to reinstate Canadian patriotism in the minds of all Canadians, reinstate the confidence Canadians have in their parliament. If, like the member for Edmonton-Strathcona and others, including the member for Cape Breton, whose riding I have forgotten, we take pleasure in discrediting one another, if like the members for Lapointe and Villeneuve (Messrs. Grégoire and Caouette) did not long ago, we take pleasure in clamouring outside the house that the majority of members are incompetent, we are destroying in the public mind the prestige our parliament should have, and we are undermining the patriotism we want to create.

Some hon. Members: Hear, hear.

Mr. Mongrain: Mr. Speaker, it seems to me we could discuss the pros and cons of unification and integration without attacking individuals and discrediting ourselves before public opinion. I cannot help but recall the old saying that those they would destroy, the gods make mad.

That may explain why, in too many spheres of Canadian life today, there is a lack of respect for parliament, but people are beginning to really think that parliament is made up of incompetents, individuals who are dishonest intellectually, if not morally, and who are pursuing greatly disquieting aims for the future of our country. I find such criticisms unseemly and improper in the House of Commons. I must point out, however, that a few of them were timely.

• (4:20 p.m.)

For those of our colleagues who make such unseemly criticisms, who object to new methods in the defence reorganization, who attack any new policy proposed by a government which is keeping up with the times, I should like to recall that Her Majesty Queen Elizabeth, who will honour us with her visit this year, is much more broad-minded and noble-minded about the source of inspiration of government policies, about those responsible for them since they are in power and about those partly responsible, because they form the opposition.

I shall simply quote two paragraphs from the speech made by Her Majesty on her last visit to Quebec city. She was then speaking about the future of Canada and the human race.

> We must prepare for that future today among our fellow citizens, we must give explanations and express our views dispassionately while respecting the opinion of others—

Rather than disparaging each other, we should set the example of constructive discussion. This comment is mine. Now I quote:

> The problems will founder in confusion if we do not learn to enlighten them with fraternity and humanity. Let the dialogue remain open and it will tend to unite men of good will. True patriotism does not preclude the understanding of the patriotism of others.

And she added:

> The democratic system rests upon the conscious adhesion of the citizens. The role of the constitutional monarchy is to personify the democratic state, to sanction legitimate authority, to ensure the lawfulness of the methods, to guarantee the execution of the popular will.
>
> In order that the inhabitants of a country may live happily, they must live in an atmosphere of confidence and affection. But a dynamic state must not fear to reconsider its political philosophy.

I repeat, and the Queen said it:

> But a dynamic state must not fear to reconsider its political philosophy.

And to reconsider it in relation to present needs and modern progress.

So I say, Mr. Speaker, that the only practical discussion called for, in these circumstances, is the one carried on by some of our colleagues when, for instance, they tell the minister: We are not getting enough information. Some Canadian citizens are not getting sufficient information. Yet, information has been given, since the hon. member for Lincoln (Mr. McNulty) said the other day as reported in *Hansard* on page 12476: Between October 31 and November 15, over 200,000 words covering nearly 250 pages were uttered during debate on the defence estimates, in committees. There were two committees on defence and they held 81 meetings, the proceedings of which cover 2,300 pages. Some 103 witnesses were called; the Minister of National Defence or the Associate Minister of National Defence (Mr. Cadieux) testified 63 times. There was opportunity to ask questions, since 857 have been recorded. Now then, if 857 questions were not enough to get an idea of what the minister had in mind in this regard, we should give up. I personally feel that these criticisms are uncalled for. At that time, there were almost 250 pages of text containing 200,000 words. At that rate, one million words will probably be on the record. It might be a good idea to print some 20,000 copies of *Hansard*, or condense the debate, so that all Canadians may have the opportunity to see how extravagant some criticisms can be when they are not made in an objective manner, when one forgets the purpose of a bill. In this case, it is to ensure greater efficiency and modernization in the field of national defence, as in all other fields.

Mr. Speaker, it has also been argued that some servicemen objected to the plan. Of course, they have the right to do so. They have the right to object up to a certain point. But they no longer had this right, when it became a government order. Only one thing remained for them to do: to leave voluntarily or to be dismissed, as it happened.

The men and the soldiers who endorsed the principle of unification and integration have been listed. They are not just anybody or fools. I shall spare the house another such enumeration. Anyway, a rather complete list of names has been given by many hon. members who spoke before me. I shall mention only the case of General Allard, a French Canadian like me, for whom we have a great deal of respect. He did not usurp his post, but literally conquered it by his own strength. He is entirely in favour of unification and doing everything he can to implement the program, together with his many associates who have also endorsed the program.

In my opinion, Mr. Speaker, the views of these professional soldiers who acquired experience by visiting the defence arrangements of all the countries in the world and who rose to their rank through their knowledge and ability, should suffice to assure us that the minister is on the right track in speaking of integration and unification. Therefore, I should like to conclude by saying that there are 20 million Canadians who do not care whether we will have kilts or pipers tomorrow, or whether admirals will continue to parade in one uniform and generals in another, but who are interested in knowing whether the country can have the best equipment in the world, operated by the best technicians in the world and at the lowest possible price, so as to put as small a strain as possible on the taxpayers. That is what they are interested in.

The opposition has suggested that if most Canadians favoured unification, it was because the minister had made them believe that the moon was made of green cheese, had blinded them to the facts. I for one, Mr. Speaker, believe in the common sense of Canadians. I think, on the contrary, and the opposition has admitted it, that the great majority of the Canadian people supports the government on the question of unification and integration, and that should be sufficient reason for members of parliament not to go against public opinion so eloquently expressed.

That is why, Mr. Speaker, I will support as much as I can, the policy of the government regarding unification and integration.

[*English*]

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my remarks on the unification bill will be brief. I have listened to and read the speeches, particularly those by members on the other side of the house. I want to refer to one speech from the other side, that made by the hon. member for Victoria, B.C. (Mr. Groos) on Tuesday, January 31. I and many others on this side have asked many questions and have sought answers from the minister. In my opinion the minister has not given satisfactory information. We looked forward with anticipation, therefore, to the speech to be made by the hon. member for Victoria (B.C.) as he is chairman of the defence committee. What a disappointment it was. His speech covers more than two pages of *Hansard* but he uttered not one word about the merits or demerits of the unification bill. I did not expect the hon. member to emphasize the disadvantages of the government proposal, but surely it is not too much to expect the chairman of the defence committee to give his views on the subject matter under debate. The hon. member uses this excuse, to be found at page 12468 of *Hansard*:

> I have purposely refrained, Mr. Speaker, from entering into the subject of the debate because, as chairman of the defence committee, I feel it is my most important duty, if this bill ever does come before us, to help resolve the differences during the clause by clause study in committee.

I will come back to that later. Just before that statement the hon. member said, as found on the same page:

> Let no one misunderstand the motives which have prompted the opposition. We have two genuine points of view and for the moment they appear to be irreconcilable.

First the hon. member says that the points of view of the two sides are irreconcilable and then he says he will do his best to bring them together. The main point I wish to make clear is that the position of the hon. member in the House of Commons is entirely different from his position as chairman of the defence committee. It is his duty as a member of the house to let his views be known on the subject matter under discussion. It is his duty to the people of Canada, because of his position as chairman of the defence committee, to state his views. It is his duty to his constituents to let them know what his arguments are before voting for this measure. When the hon. member acts as chairman of the defence committee he does not deal with the subject matter of the presentations. He deals merely with matters of decision. Any statements, therefore, that he might make in the house would not in any way prejudice his position as chairman of the defence committee.

Having checked with many eminent parliamentarians in the house I find it is quite customary for the chairman of a committee to participate actively in the house when the subject matter for which his committee is responsible comes before the house. I suspect that the hon. member for Victoria, B.C. was playing it safe. He was afraid to put forward arguments in favour of the bill because his constituents in Victoria would be in a position to question them.

The very least the hon. member could have done was to answer the question put to him by the hon. member for Edmonton West (Mr. Lambert) during the previous debate in the house. The question is on page 9551 and it refers to the knowledge the chairman of the defence committee had with regard to the changing of the evidence which Admiral Landymore was to give before the defence committee.

• (4:30 p.m.)

The hon. member for Victoria (B.C.) seemed to imply that speeches made in this debate are made for the purpose of prolonging the debate and nothing more. His attitude seems to be that since the government is now proposing this legislation there is no point in seeking to oppose it because it will go through in any case. Let me tell the hon. member and all hon. members over there that those who have taken part in this debate, on this side of the house at least, did so because they were anxious to make their views known on a matter which affects the security and sovereignty of Canada. I for one consider it

my duty to express the views I have put forward not only for the benefit of the government and for the benefit of other hon. members but for the benefit of the people who sent me to parliament. The hon. member for Victoria, B.C. said that the chairman of the committee does not normally express his views on a subject matter to be discussed by the committee, but I hope that when this bill comes back to the house from the standing committee or on third reading he will tell the people of Canada and in particular his own constituents his reasons for supporting this measure.

I wish to refer briefly to the statements and speeches made by the Minister of National Defence (Mr. Hellyer). I have read carefully the speech he made on December 7. I for one believe that either the minister is unwilling or he is unable to advance cogent arguments in favour of a single defence force. Indeed, he seems unable or unwilling to give a clear explanation of what he means by a single defence force. Of all the speeches made on this subject by members of the other side I consider that made by the Associate Minister of National Defence (Mr. Cadieux) to be the one which most genuinely sought to advance concrete arguments in favour of the government's proposal. The hon. gentleman made a genuine effort, I believe, to explain what unification meant. I hope my remarks will be listened to in the same spirit as were the minister's.

When this same subject was before the house during the debate on interim supply, members on this side were attacked for consulting with experts who had been kicked out of the forces by the minister. The Associate Minister of National Defence said we had done the right thing, that we should consult anyone who was knowledgeable in these matters, as he himself had done. He admitted that he was not sure of all the facts so he had consulted a person whom he considered to be an expert. The person whom he consulted was General Foulkes. He says of General Foulkes as found in *Hansard* on page 9395:

> General Foulkes is a reliable source upon which the members of the opposition called, and I am not blaming them for that, since I have a great respect for General Foulkes.

He goes on to say of him:

> —when I saw a man with such experience, holding an absolutely necessary position, realize the urgent need of the Canadian forces—

And so on. Incidentally, on November 1 last the associate minister was quoting the opinions of General Foulkes as reported in the *Star Weekly* magazine of October 14, 1961. On November 4 I referred to the speech which the associate minister had delivered and suggested he should bring himself up to date by reading a more recent statement which General Foulkes had made. I quoted excerpts from an article written by the general in the Ottawa *Journal* of Thursday, October 13, 1966, in which he was critical of the government and of the proposed unification plan. They can be found on page 9555 of *Hansard*. I would now refer the associate minister to the Ottawa *Journal* of October 11, 1966. The headline is: "Foulkes Asks Hellyer What On Earth He Is Doing".

> The only other record of wholesale changes in the military occurred in the Hitler regime. He dismissed every general who dared to tell him what he should know and not what he liked to hear.

I hope, therefore, that the associate minister, whom I have always found to be a fair-minded man, will tell us when we are in committee what his reaction was when he read this later statement by General Foulkes.

As reported at page 12536 of *Hansard*, the associate minister outlined the various alternatives which the government might have considered, and I think he did it very well. He indicated there were three options open to the government. The first was to contribute all-out forces toward the maintenance of peace keeping by placing them under the United Nations. Later he asserted, rightly in my opinion, that this should not be the main purpose or the only purpose of our defence forces.

The second option available to us was to commit all our forces to the deterrence of war by making additional contributions to NATO and NORAD. The third was to maintain only such forces as would be required to uphold our national sovereignty. The associate minister told us that a fourth option had finally been chosen. I quote from page 12536:

> This is the option we have taken. This is the option which permits us to create a proper mix of forces which can be used to contribute to international peace keeping, which can be used to maintain our national sovereignty.

I maintain, in reply to the minister's argument, that the type of force we now have is most suited for these purposes and that it has proven to be so. In the first place, it has proven itself to be satisfactory. We have played an important part in NATO and NORAD, and since the present set-up of our armed forces corresponds with that of our various allies I believe we are more likely to

continue to make an effective contribution to those alliances by maintaining the structure we have at present.

In my opinion it has also been shown that Canada has played a leading part in peace keeping. There has been no indication that the role which our forces have played in various parts of the world has been in any way unsatisfactory as a result of their conventional structure. Again, I think it has been amply demonstrated that the type of force now in being has proven to be adequate and satisfactory for our defence and for the protection of the security of Canada.

I submit that the priorities, objects and functions of the Canadian defence force should be in the following order. The first consideration should be the security and sovereignty of Canada. That is the number one priority by far. Number two priority should be participation in defence alliances and the third should be participation in United Nations peace-keeping tasks.

Although the government has not admitted this, it seems to me that according to their view of the matter the primary role of the unified defence service, if not immediately then in the future, is that of peace keeping for the United Nations. I am one who believes that if it is at all possible we should encourage the United Nations to set up a peacekeeping force on a regular basis. I think it would be contrary to the interest of Canada if we unilaterally set up such a force for that purpose. When the time comes for such an international United Nations peace keeping force to be established, the type of force which should be established must be determined by the United Nations, not by Canada. If we proceed now to set up a type of force with a peacekeeping function, in the future we might find that it would conflict with the decision made by the United Nations when such a police force is set up.

• (4:40 p.m.)

To me the attitude that we should create a single force with the major objective of performing a United Nations peace keeping function is part of the kind of continentalism which seems to be common to the Liberal party. Republicanism or continentalism seems to be in line with such an idea.

The security and sovereignty of Canada are too important to be tampered with by an experiment such as the minister now is undertaking. In support of my contention that this attitude prevails in the government I quote from an editorial in the Ottawa *Citizen* of November 5, 1966:

> The evident strategic doctrine contemplated by the government is to set up a mobile force of land, sea and air services that could be moved quickly to any part of the world to undertake either a UN peace keeping obligation, or to help fight a brush-fire war on NATO's behalf.
>
> This would require the country's air and naval units to play largely a support role for the army, rather than the semi-independent part they once took.

Again, Mr. Speaker, I should like to quote from an editorial in the Victoria *Colonist* of Saturday, December 24, 1966. It is headed "The Defence Role" and reads:

> It is persistently argued that the proposed integration of Canada's defence forces is justified in large measure by this country's responsibility in peacekeeping roles on behalf of the United Nations.

I shall skip part of the editorial and then quote again:

> They exist primarily to defend the interests and the integrity of the people who pay for them.

Then I go to the last paragraph:

> It is doubtful if the people of Canada would accept a military budget of more than a billion and a half dollars a year to provide a United Nations' police force even in the highly improbable event of our being invited to assume this function.

If I am correct in my assumption that this seems to be in the mind of the government, then I think the government is premature. As I said, I hope the time will come when the United Nations will set up an effective police or peace keeping force. When that is done eventually, I would assume first of all that it would be the smallest countries which are members of the United Nations that would provide the actual personnel. Surely, however, all members of the United Nations would contribute toward the cost. If the United Nations should decide that a certain type of force is required, since all the countries which participate in the United Nations would have to pay for it it would be logical, if a certain type of force is required, that Canada should play its part by then establishing the type of force which would meet the special requirements of the United Nations.

I should like to quote again from the speech of the Associate Minister of National Defence. The reason I quote him is that he is the only one who has presented arguments which call for us to reply. He has tried hard, I think, to put forward valid arguments. The next question with which the associate minister dealt was the question of what is meant by unification. Here I think the associate minister felt it would be wise to rely on the

definition given by the Minister of National Defence (Mr. Hellyer). As found on page 12538 of *Hansard* the Associate Minister of National Defence, in answering the question "What is meant by unification", quotes the Minister of National Defence as follows:

> Integration-to-unification is a series of interlocking steps designed to provide Canada the best military course possible to meet our international obligations for a reasonable expenditure.

I think what the associate minister did not realize was that the minister finally let the cat out of the bag when he said:

> —the best military course possible to meet our international obligations for a reasonable expenditure.

Apparently that is the only explanation that could be given of what is meant by unification. However, in a further effort to explain what is meant by unification the associate minister again quotes the Minister of National Defence as follows, as recorded on page 12539 of *Hansard*:

> One general principle should be underlined again —the combat units will retain their identity and their specialized functions and training.

That confuses me more than ever, Mr. Speaker. If this is what the minister has in mind by way of a single defence force, namely, "the combat units will retain their identity and their specialized functions and training", then surely that is what the situation is under the present set-up. Then the associate minister in a very genuine and sincere manner attempts to indicate some of the advantages of a single force. At page 12538 of *Hansard* he cites some of the advantages of unification:

> Separate and distinct uniforms.

Well, surely if 100,000 new uniforms have to be bought it is going to be more expensive. There will be 100,000 new uniforms of a different colour and type. Surely there can be no appreciable saving there. The second advantage is:

> Separate personnel policies and the duplication of manpower required to support these policies.

Third:

> Duplication in areas of common training.

Then, fourth:

> Duplication of the communications systems.

Mr. Cadieux (Terrebonne): Would the hon. gentleman permit a question? He is quoting me the wrong way around. This is the argument I was advancing against the former system. I said that we wished to obviate these duplications.

[Mr. Chatterton.]

Mr. Chatterton: I accept the minister's correction. From the statements the minister made on various occasions I had understood that these were the things we would be avoiding by integration. The associate minister then dealt with the question of costs. He stated that a considerable amount of savings has been effected in various parts of the defence service. Then at page 12539 of *Hansard* he quoted from an answer already tabled in the house:

> Savings already achieved through the integration of headquarters and services since July 1964:—

I repeat, "Savings already achieved through the integration of headquarters and services since July 1964". The minister repeatedly has said that integration has effected savings. I do not concede that at all. If there are 23,000 fewer personnel in the armed forces now than there were a year ago, naturally a lot of money would be saved thereby. I think that is the way to save money. If I did concede that integration has saved money, and I do not, that does not mean that the next step, unification, will also save money. Surely it is up to the minister and the government to present us with evidence of some kind of a plan which will indicate that unification will effect savings. It is not enough just to make a general statement in the house that it will do so. We must have some evidence of some plan, and it is my opinion the minister has completely failed to present us with such evidence.

• (4:50 p.m.)

In support of that statement let me quote Admiral Rayner, the former chief of naval staff. I do not know the date of this article but it appeared in the Ottawa *Citizen*. Admiral Rayner was referring first to unification and he said:

> The fact that we were to proceed with a firm plan was considered acceptable by the government—

He was suggesting that there was no clear plan developed for integration. He also said.

> I was concerned that there was no detailed plan to implement the new organization. Hence people could not be told in good time how it would affect them. Also, without a plan, I found it impossible to estimate the savings that might be made.

In referring to unification he is also reported as having said:

> Once again no plan has been produced, just the announced intention to proceed. Is this to be 1964 over again? Unification poses much greater problems than integration.

In the absence of any evidence presented by the government or the minister that integration will in fact provide savings I can only assume that no detailed plan has been prepared as to what effect unification will have in cutting down the cost of providing this service.

I shall not be much longer, Mr. Speaker. Earlier I mentioned that this whole plan is in line with the government's attitude toward continentalism and republicanism. We have seen examples of this. Let me quote from the Victoria *Colonist*. The quotation I wish to put on record appeared in an editorial on Saturday, November 5. It begins:

> For a start, no longer will any branch or unit of the services be "royal" according to the minister's pronouncement.

I have just been informed that the minister may not know where the *Colonist* is published. It is published in the Victoria riding.

The editorial then continues:

> This will please few except the republican element in the country and conceivably those who resent the fact that Britain's Queen is also Queen of Canada. What useful purpose such a controversial change can serve the minister will explain, no doubt, when the opportunity for debate is given the commons. But if this is a part of Prime Minister Pearson's "Canadianization of Canada" plan, ostensibly aimed at a closer national harmony, it is likely to fail dismally.
>
> In fact, such tampering with tradition and honoured symbols is likely to be dangerously divisive.
>
> There will be those who mourn for the passing of the Royal Canadian Navy and the Royal Canadian Air Force. These will become the sea and air arms of the Canadian Armed Forces, to be built in future on the rank structure of the army.

The last part of the editorial states:

> It also remains to be seen how Canada's voluntary enlistment system stands up under the strain.
>
> Mr. Hellyer may be prepared to take these risks but the nation should not. Unless he can be prevailed upon to modify this new military design, either by the already vociferous opposition in the commons, by respected and experienced military men, or by the sober elements of his own Liberal party, he is leading this country very close to the edge of disaster.
>
> What he risks is a wholesale demoralization in the armed forces, if not their disintegration.
>
> This is too solemn a matter for experiments of the drastic nature this minister proposes.

We have been urging all along that the government refer this bill to the defence committee before approval in principle on second reading. That fact of the matter is that once the principle of unification is approved by the house it will be a *fait accompli*. This is such an important matter that I feel sincerely it would be risky to proceed with the government proposal. In my view it would be the better part of wisdom for the government to withhold its request that parliament give this important matter approval in principle until we have heard all the evidence of experts and other people who wish to appear before the defence committee.

If the principle of this bill is as good as the minister has maintained and if a single defence force has all the qualities ascribed to it by the minister, surely it will stand up to the test of critical analysis and examination by the committee before approval in principle. The fact that the minister seems to be convinced that it will stand up is all the more reason he should send it to the defence committee. Surely if this were the case he would say: We are absolutely sure our contentions will be borne out by the evidence. Even at this late date I hope the minister will give serious consideration to this suggestion.

It is also my hope that when the bill goes to the defence committee there will be no attempt on the part of the minister or the government to prevent any person, whether he be a member of a military force or not, from appearing before the committee. I recognize that a member of the armed forces appearing before a committee cannot disclose matters concerning security or policy. I am satisfied that the chairman of the committee will handle that situation adequately. I sincerely hope there will be no attempt to prevent the appearance of individuals the committee may wish to call.

• (5:00 p.m.)

[*Translation*]

Mr. Gérald Laniel (Beauharnois-Salaberry): Mr. Speaker, Bill No. C-243, which will provide a unified defence force for Canada, is a legislation which, in my opinion, has the approval of the majority of Canadians.

Earlier this afternoon the hon. member for Halifax (Mr. McCleave) talked about the indifference of the people. I do not agree with him on that point, and I wonder whether the Canadian people are not rather indifferent to some passionate and emotional arguments put forward by the opposition.

For some, the people are unable to assess the results of such government action. But I wonder, Mr. Speaker, if actually the arguments put forward by those who object to the unification of our forces are really valid.

I agree with the hon. member who spoke before me, the hon. member for Esquimalt-Saanich (Mr. Chatterton) who said that those who are interested must voice their opinion during this debate; but I believe that some speeches should have followed a different course. The same member also referred to an editorial published in Victoria. I even blame editorials which inject matters of tradition, of royalty and republic into a debate such as this one which only seeks to improve our armed forces.

Mr. Speaker, all kinds of motives are ascribed to the hon. Minister of National Defence; he is accused of stubbornness, he is blamed for his determination and even his sense of responsibility is questioned. It is a pity, in my opinion, that in this house, in public, the sincerity and honesty of our public men can be questioned. Earlier, the hon. member for Trois-Rivières (Mr. Mongrain) gave us a few examples of arguments which, in fact, were unwarranted and which do not improve the debate.

The present Minister of National Defence is just as sincere as his predecessors. He tries to assume his responsibilities in the best interest of everyone; he places before us a bill which is indeed right with our time, 1967, and consistent with our world commitments. I am even led to believe that the hon. member for Calgary North (Mr. Harkness) and the hon. member for Winnipeg South Centre (Mr. Churchill) would probably have made the same decision if they were still minister of national defence.

Is it wrong to submit that ministerial decisions are always preceded by studies at the department level, by consultations with officials and the people responsible for their implementation? Of course, in the end, somebody has to make the decision. And I am sure that, even in this case, it was not made lightly and that everything was carefully thought out with a sole object in view: improving the efficiency of our armed forces and establishing a defence policy more suitable to our country and to our modern times.

It is nevertheless ridiculous to see the reaction of certain members in this house. They always blamed the present government for its lack of policy, for its rehashed policies, for following constantly the influence of our southern neighbours, for waiting too long before meeting problems, for its inability to take decisions. Now that we have before us a legislation innovating in the field of defence, a first, a plan which many countries are considering, what happens? Everyone cries shame, is afraid of the venture, anticipates the worst, instead of encouraging and helping the minister to implement a legislative measure which will be to the credit of our country and will give a new dimension to our armed forces.

Obviously, Mr. Speaker, all those changes will not be made smoothly or without difficulties, since any change naturally brings about a little disruption, especially when men are concerned. This is quite normal. Are we afraid to meet the challenge?

Were the few retired officials who engaged in a pitched battle against unification also afraid to meet the challenge? I am convinced, Mr. Speaker, that practically all members of the Canadian forces are able to meet such a challenge and to carry out this unification project, a "made in Canada" project.

Yet, in this debate an effort is made to have the minister contradict himself or others; an attempt is made to show that he has hidden the truth. We hear an exercise in semantics, quotations, so-called contradictions, and above all, efforts are being made so that the people will look upon the Minister of National Defence as a monster who wants to crush our poor little servicemen and get rid of those who will not submit to his requirements. How ridiculous. Those who are talking of arrogance should rather say of the minister: determination and conviction. Those accusing him of stubbornness should talk about decision and action. Those blaming him for his obstinacy should rather see a sense of responsibility.

Mr. Speaker, I too have been a member of the committee on national defence since 1963, as well as the hon. member for Edmonton West (Mr. Lambert), the critic in military matters of the official opposition, and I do not contend that somebody tried to hide anything from me. I am convinced that we were given all the necessary opportunities during the 81 meetings to examine the defence policy of Canada, to hear statements from servicemen, former servicemen and civilians, to question them and also to read the special studies prepared for the committee.

The minister, or the associate minister (Mr. Cadieux), attended 63 meetings of the committee. They answered a considerable number of questions, namely over 800. If certain senior military officers who gave evidence before the committee on the Canadian defence policy feel

frustrated because their evidence was reviewed before they could present it, I am surprised at their attitude, all the more so because they were able, while answering questions from members of the committee, to go far beyond the information embodied in their brief or in their statement.

The hon. members opposite did not lose a single opportunity, I think, to question or cross-examine, either in the presence or in the absence of the minister. On the other hand, there is nothing abnormal, in my opinion, in considering certain pieces of information as classified in defence matters.

I have compared the brief submitted to the committee by Admiral Landymore with his draft brief, and I do not see why such a storm was raised on this matter.

Now, Mr. Speaker, we should see if the minister has indicated very clearly, bluntly and strongly in his statements and in his answers the meaning of integration and unification.

• (5:10 p.m.)

To my mind, integration meant integration and I think all members understood it and accepted it. As far as unification is concerned, I have not seen anything more in it than unification of the three services of the Canadian forces into one unified defence force. How can it be otherwise? Moreover, the minister has mentioned that the whole process would evolve progressively, beginning with the integration of command and, through stages, leading to one single force. One can scrutinize all the evidence given by the minister and wonder what he really meant in one sentence or another, whether he has been explicit or could have been more explicit. In my opinion, this is a childish attitude and we have more constructive things to do.

Of course, the process of integration represents a big job with a lot of things involved; the minister himself has admitted it, and that is why it will be done in stages. Unification will probably be even more complex, but the first step was integration and, according to statements already put on record, it was obvious that the objectives could not be precisely defined in every detail before at least some progress had been made toward integration.

Mr. Speaker, in any case, I challenge anyone who can read either English or French to deny that the white paper on defence has not made clear the objectives set by the government, and everybody knows that this white paper has been available to the general public since March 1964.

I believe I can understand French; on page 19 of the white paper, I read:

> Following the most careful and thoughtful consideration, the government has decided that there is only one adequate solution. It is the INTEGRATION of the armed forces of Canada under a single Chief of Defence Staff and a single Defence Staff. This will be the FIRST step toward a single UNIFIED defence force for Canada. The integrated control of all aspects of planning and operations should not only produce a more effective and co-ordinated defence posture for Canada, but should also result in considerable savings.

Surely, there is nothing underhanded here. What more can one ask for? Every hon. member received a copy of this white paper, the admirals surely read it, and the matter was publicized in newspapers across the country; even those unappreciated persons had an opportunity to find out about it. The concluding sentence of that same paragraph reads as follows:

> Sufficient savings should accrue from unification to permit a goal of 25 per cent of the budget to be devoted to capital equipment being realized in the years ahead.

Who in the world would have the nerve to declare that integration only would result in that much savings? After all, 25 per cent of one and a half billion dollars is 400 million dollars per year, the greater part of which would come from unification and integration, precisely. Everything is expressed in clear terms, and the paragraph I referred to should help convince hon. members that there was nothing ambiguous about the white paper.

In this connection, I cannot understand those who, like the hon. member for Esquimalt-Saanich (Mr. Chatterton) a while ago, wanted the bill referred to a defence committee before second reading, alleging that the committee has not had the opportunity to study the whole matter and hear the full testimony with respect to the desirability of such legislation. Of course, the committee never took a definite position on unification, but it could have done so. The government cannot, if it is in earnest about the discharge of its responsibilities, wait many more months to introduce a bill it considers both necessary and pressing, and all the more so after having given a standing or special committee of the house the opportunity to study the matter for months on end and even years.

Let no one tell me that it is normal for the dissatisfaction of a few retired soldiers to

have so much weight in the balance, when we know that the majority of our military establishment, from the chief of staff down, is aware of the problem and supports, wholly or partially, the proposed unification.

Present procedure does not prevent in any way the committee on defence from perusing the bill after second reading and calling witnesses if it so wishes as well as making the required changes.

Some say that it is too late after second reading because the principle of the bill is then accepted. I do not agree at all, and in this I have the support of Bill No. C-231, an act to define and implement a national transportation policy. Everyone saw the work put in by the members of this house during committee consideration of that bill, and the amendments made to it. Moreover, there is no doubt that the nature of the evidence before the committee, if the proposition was to be as ill-fated as some claimed, would surely have influenced the decision of the government. However, I doubt that the evidence of some people who may be speaking for their own small vainglory, has much influence. Not on me anyway.

Now, Mr. Speaker, as for the merits of integration or unification—two things that I do not want to separate, for in my opinion one is completed by the other—I believe that there is no problem for integration, as I said earlier. But as for unification, some people made reservations as to its effects.

This legislation will surely bring about important changes in our military structure, but if the aims sought after when the decision was first made are really kept in mind, a general improvement is necessarily to be expected.

This bill has been prepared in close consultation with our military leaders and the heads of our armed forces, as I mentioned at the outset of my remarks, and they are the ones who will also be responsible for its implementation. I think that point is very important.

During the debate on Bill No. C-90 in 1964, this whole question of unification was discussed, even though only integration was being mentioned then. And now, most of the arguments put forward at that time seem to crop up again. It is feared that our armed forces will be weakened, that they will be unable to carry out their duties; it is thought that this change will cause concern and reduce our strength and, finally, it is much feared that the morale of our troops will greatly suffer.

Mr. Speaker, during consideration of this bill, the present and the future must be taken into account much more than the past. Efficiency must take precedence over sentiment; nor should the returns we can obtain from our national defence dollar be overlooked.

Sentimental and fond of custom and tradition though we may be, we also must be progressive and face our problems. Everyone knows that in this house, no one dares change too rapidly the procedures and precedents going back a number of years, precisely to spare the feelings of some of us.

In the meantime, however, the population of Canada is paying the cost of long discussions.

Mr. Speaker, I have personally served in the Canadian air force during the war, I was proud of my squadron and of the Royal Canadian Air Force, or the Corps d'aviation royal canadien as it was then called in French, but I was particularly proud of being a Canadian and equally proud of the exploits of each of our three services, at sea as in the air or on the ground. I was even sorry that our navy was not identified by a more distinctive insignia to separate it more clearly from the royal navy.

After the war, I was active in reserve troops in an anti-aircraft regiment for about eight years. There, too, I am happy to say, I was proud of my regiment and I showed as much eagerness in my work as artillery officer as when I was officer in the air force. Today, I have a certain attachment to both, and I remain proud to be Canadian.

However, in the present case, there is no question of transferring sailors to the army, soldiers to the air force or airmen to the navy. The minister said it, General Allard said it and it was the talk of the town but some are still afraid. The point is simply to set up a single force composed of several elements, a unified force so that its efforts will be better co-ordinated under a single leadership, with much more flexibility in action.

I think that the emotional problem has to be put aside, at least for the time being. Besides, the emotion is felt a little more among former and present military people who have lived through the last war, than among our young people who now join our services, either for a few years or to make a career out of it. However, the latter group is still the larger, it is where the fighting force is.

Therefore, let us give those young people the opportunity to extend their affection to the whole Canadian forces, rather than to a single service and very soon, they will develop a feeling of pride and generosity even greater toward their country, all the more because they will know that many countries of the world are watching Canada and this unification project.

• (5:20 p.m.)

As for the uniform, it is again a passionate matter. The minister said that the military heads will be responsible for it. Well, I am prepared to place my confidence in them and I am convinced that they will choose a style which will meet all the requirements and which will even be attractive.

As for efficiency, integration certainly brought about improvements, for instance, the setting up of a single command—I think that everyone agrees with me on that—and the creation of the Canadian Forces Council, followed by the reorganization of headquarters and the structure of commands such as the mobile force command, the maritime command, the air defence command, the military command, and the air transport and materiel command. Already, it is possible to show that great savings have been made with an increased efficiency and a reduced staff.

With unification, we shall complete the process so that our three present services may benefit from a better co-ordination of effort in the field of administration, personnel training and the discharge of military jobs. Those who during the last war served in the army and in the air force, know full well that, at certain times, such lack of co-operation and co-ordination between our two services, was responsible for the loss of lives of some of our airmen and soldiers.

Yesterday afternoon the Associate Minister of Defence pointed out some weaknesses in our present system, from the rivalry between the three services to the duplication of our military establishments, of different logistic systems, to various communications networks, from the duplication of materiel purchases to the duplication in the training of the forces in each of the services, let alone the uniforms, various regulations and so on. For a country such as ours, to define clearly our aims in matters of defence is a must. Moreover, our defence program should contain some priorities in order that the best possible use may be made of our establishments, our equipment and our financial resources.

Through unification we shall be able, with up-to-date armament and equipment, to protect our territorial sovereignty. We shall also be in a position to help prevent major conflicts through our contribution to deterrence forces, as, for instance, NATO forces, and maintain world peace while participating in operations under the United Nations, and all this with minimum strength and maximum effectiveness, which, in itself, will result in financial savings.

While setting up a single force, we shall assist in the establishment of better co-ordination and greater flexibility and mobility within each component of our armed forces.

Since that personnel must be replaced periodically, since some rotation is even advisable, each of those elements will thus be better prepared to play various roles according to immediate needs.

Our soldiers will be more versatile, our sailors, our airmen, our soldiers will be better prepared to work together and perform tasks as different as those called for by NATO mobile force, the defence of Canada and the protection of our territory, world peacekeeping operations, NATO deterrent force, help to the civil government in an emergency. All that through a more diversified training and equipment chosen precisely for more diversified use. For that very reason, the Canadian armed forces will be in a better position to face all kinds of emergencies, they will be better suited to periodic rotation and the government will be able, if need be, to change its international commitments without having to change drastically our military structures.

No doubt you noticed, Mr. Speaker, that I have purposely avoided so far to quote the views of any expert or soldier, because I wanted to express my own views without, for all that, feeling the need to repeat the various quotations which in general have already been heard in this debate or the previous ones on defence.

My personal views are based nonetheless on a thorough study of the matter and were arrived at following the work I did when I took part in the business and meetings of the special committee and the standing committee on national defence.

Mr. Speaker, the western world is watching Canada, it is taking considerable interest in our unification program. Let us join hands

and make this undertaking a complete success. And, if we really want to help the minister and our military leaders, let us make constructive and practical suggestions, as he recently asked us to do, and I am sure that request still stands today.

At the same time, we will be achieving this result through common effort, and I am sure that we will be proud of our accomplishment in the not too distant future.

[*English*]

Mr. J. P. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I have no hesitation in participating in the debate on such an important bill which affects a good number of my constituents physically and materially and affects the traditional and historic role and interest of the Atlantic provinces in the defence and defence forces of Canada. I must say I listened with a great deal of interest to the remarks of the preceding speaker, the hon. member for Beauharnois-Salaberry (Mr. Laniel). He managed to keep the debate on a logical and unemotional basis but, with respect, I think he glossed over some of the cracks in the cake with the frosting of a few words.

It has surprised me during the four days we have been considering this bill, and it has only been four days, to hear speakers opposite, perhaps hoping to be constructive, continually refer to a committee that has been meeting for two or three years and a white paper that was published in 1964. This bill, once passed, is going to change forever and a day the form and substance of our armed forces. The minister is maintaining his usual silence, which is certainly most constructive fos debate, but I would ask him to tell me where, other than on page 19 of the white paper, there is mention of the word "unification" or the expression "a unified force".

• (5:30 p.m.)

I will follow the precept of the hon. member for Beauharnois-Salaberry and will not become unnecessarily emotional in this debate. I have had no military experience to bring to this house in trying to define the minister's concepts or in pointing out constructively some of the pitfalls. However, one thing that does concern me, which has been mentioned by others in the house with military experience, is what the experts outside the house think of this measure.

The hon. member for Beauharnois-Salaberry in frosting the cake, and perhaps gilding the lily, will have to admit that there is a very real and sincere division about this issue among people most knowledgeable outside the house. For all the talk both in the press and in the house—and the government cannot have it both ways—the most constructive step that the Minister of National Defence could take would be to refer this question to a committee. The minister knows that this is the reason we are objecting so strongly and fundamentally to his bill.

During the debate on this subject last November many hon. members did not come out flatly against integration or unification but wanted the bill referred to a committee. With regard to the debate on interim supply last November we in this house know, and certainly the public know, that it was almost exclusively directed to the question of Admiral Landymore's evidence before the defence committee and whether or not it was changed either before or after he gave his evidence. That was the primary theme of the supply debate.

The testimony of the minister and his officers before the committee has been somewhat muddied by what we have heard from Admiral Landymore, and some attempt was made to introduce that evidence in the house. No less a person than General Foulkes, who occupied the highest military position in this land, suggested, with respect, that the minister was not as direct and purposeful in his evidence before the committee as he should have been. For instance, in 1964 the minister suggested in evidence that only the command structure of the forces should be integrated.

No doubt the minister or his advisers can provide me with exact information but, having read the 30 pages which comprise the white paper of 1964, as far as I can see the only time among all the thousands of words contained therein that the word "unification" is referred to is the one occasion mentioned by the hon. member for Beauharnois-Salaberry with reference to a single unified defence force. Only once is a unified structure mentioned.

There has been constant reference to the 1964 white paper and to the committee hearings based in part upon the white paper, but all of this as well as the supply debate in November was before the present bill came before the house. Surely, Mr. Speaker, if members of parliament are to earn their keep at all they must, when a bill as fundamental as this comes before them, define and dissect

it if they are not granted their one acknowledged wish which would resolve all matters for the time being anyway, the referring of the bill to the committee.

This is a constructive step that the minister could take but unfortunately he has not taken too many constructive steps thus far in response to the wishes and recommendations of those of this side of the house. That, of course, is his privilege. But in a way he should be complimented for putting the issue before us because for the first time in Canada, certainly since the conscription crisis debate during the last war, through the minister's action we are now at last concentrating our efforts upon the subject of defence and trying to ascertain what is our defence policy. As I say, Mr. Speaker, for that the minister is to be complimented.

Having complimented the minister for focusing attention on what the defence policy of this small nation of 20 million people should be in relation to the Goliath to the south of us consisting of 200 million people, the question must be given real scrutiny. In a way, perhaps this whole debate is academic. We all know that the shield and umbrella of the United States protect us in a meaningful way, and we on this side have tried to elicit from the minister whether it is the ultimate intention of the government to let the shield and umbrella to the south protect our shores and air space. Hon. members opposite may scoff at this, but I will not repeat all the arguments about sovereignty. Suffice it to say that references to the white paper, to the committee proceedings, to the revised evidence which was given and to the debate on supply are merely a red herring.

This bill was given first reading on November 7, 1966. It may be prophetic that December 7 was a day of infamy some years ago, and I hope that this date is not going to be symbolic as far as the effects of this bill on the defence forces of this country are concerned.

I realize it is the minister's belief that the bill will place Canada in a better state of preparation for defence than we were before. But many people more knowledgeable than the minister, let alone this member, have said that the bill will not fulfil this purpose. Therefore, what more constructive step can the minister take than to refer the matter to the committee?

The minister has had a very favourable press on this bill, and I do not begrudge him that; it is understandable. As I say, I compliment the minister for focusing attention on this issue. But the minister has disappointed me. He has come from the booming area of Toronto with new ideas and new concepts to revolutionize parliament. To a certain degree he has a keen mind in many areas.

Having said that I suggest, with respect, that he has not followed his own principles in the one area he knows best, the area of construction. This is my reason for injecting the word "construction" into this debate. When you are mixing concrete and erecting a building it is not quite the same as radically changing an established structure and hoping you come up with a better one.

Let us suppose, Mr. Speaker, that in the course of his duties outside the house in the construction field the minister was planning a large building. Let us say that some of the architects, design engineers, even foremen and electricians employed by the consulting firm to prepare plans and specifications for the new building resigned. Would any reliable or successful contractor say; in the words of one famous admiral "Damn the torpedoes; full speed ahead"? I suppose we still have some torpedoes left, but I use that expression in the allegorical sense. I suggest that the construction industry would ride that particular contractor out of town if under those circumstances he decided to build.

• (5:40 p.m.)

Let us say there have been resignations and protests and that, as any reliable, responsible and reasonable contractor would do, a meeting is held to air the views of different men. In any reasonable consulting or construction firm views are thoroughly thrashed out. If somebody then resigns because he objects to the way the plans are being laid out, because he does not believe they are logical or sound, you know where you stand. This is quite apart from an aroused public with regard to a development planned in the area, or from any change in the basic rules. A good contractor looks at things carefully, and I make no apologies for using the analogy of a contractor in this debate.

Mr. Hellyer: I am glad.

Mr. Nowlan: I hear the minister commenting. There is an analogy to be drawn between what a contracting firm would do and what is happening to our defence structure under this bill. Furthermore, Mr. Speaker, my analogy is not restricted to mixing concrete for a big

building. It does not deal with the ingredients which are needed to build any structure. Let us look at the example of scrambled eggs. You take a little milk, a little butter and eggs and mix them together and you are left with eggs no matter what the ingredients were, no matter who stirs the mess in the frying pan.

An hon. Member: That is what you have in your speech.

Mr. Nowlan: The scrambled egg analogy is apt. Once the forces are reconstituted you cannot unscramble them. After all, a four day debate on something which will change a structure which has existed for 100 years is not too long.

I believe every hon. member should stand up and say whether he supports unification. I did not stand up and speak before because I do not know the facts and figures of logistics. I do not know much about supply or the theory of integrated command. Those things are for the experts. I am sensible enough to know that others know more about these things than I do. But to come back to the construction analogy, would not a contractor who acted as the minister is acting be run out of business? Would not a contractor who was starting some revolutionary housing development, apartment block or supermarket, want to look into things carefully and make sure he was doing the right thing before he went ahead? After all it is not the minister's money that he is spending. If he were a contractor in the outside world and there was a great division of opinion about the design of anything he tried to build, he would be more cautious about the way he spent his clients' money. Here he spends the taxpayers' money.

Theoretically, in an improved parliament we ought to have no repetitious speeches, the debate should go along smoothly, and we should contribute nothing outside the scope of the debate. But here let me say that I am most disappointed with the minister. The minister has heard the Prime Minister of this country say that no cabinet minister should stand in hardening cement. In the words of the Prime Minister, if you want to give leadership you do not stand in a bucket of cement. That way you get stuck and when you are stuck you cannot give leadership. I need not repeat that for some time it has been difficult for members on this side to determine the course the government is charting on this issue. It was at the rejuvenation meeting preceding the recent reincarnation of a minister that the Prime Minister, as reported in a Toronto *Telegram* article of October 13, 1966, said:

> Remaining firm and immovable in a bucket of hardening cement is nothing to boast about. Political leadership is being steady, not stuck.

I had hoped that the minister would heed the admonition of the Prime Minister. The minister may be sincere, though it is perhaps not apt to use that term in this house. Disraeli said that the only person who does not change his mind is the person who has no mind.

Mr. Pickersgill: Nobody ever accused Disraeli of sincerity.

Mr. Nowlan: I did not hear what the Minister of Transport said. Undoubtedly it was a logical intervention.

Mr. Pickersgill: I said, nobody ever accused Disraeli of sincerity.

Mr. Nowlan: I do not know if Disraeli was sincere or insincere. I know he was a master psychologist who applied his talents with notable success to politics. I know equally well that the Minister of Transport has been in this place for a fairly long time and that he knows a thing or two about psychology, at least.

An hon. Member: Too long.

Mr. Nowlan: An hon. member says he has been here too long.

Let me say that there have been noticeable changes in the Prime Minister's course. I cite medicare, Mr. Spencer, the hon. member for Davenport (Mr. Gordon), nuclear arms, and so on. In all these things there has been change, noticeable change. Why can the minister not change? Even at this stage there could be a change overnight if this matter were only referred to a committee. We need to know more about the proposal. We need to know if the plans are correct, if they will stand scrutiny and criticism. If this matter went to a committee and then came back to the house we should not have the repetitious contributions from this side that members on the other side do not like. We have a precedent. The transport bill previous to the one recently passed was referred to a committee before being approved in principle. The precedent is there. Let the Minister of National Defence follow it. I have been disappointed as have others in my party by the minister's behaviour. We were disappointed that he did not follow the advice of some of his advisers. They too could come before that committee.

I shall not review in detail the arguments repeated here for the last four days. The hon. member for Queens (Mr. MacLean) last night tried to show the history and chronology of the concept of unification as propounded by other governments. One cannot stress the points he raised enough. The subject matter of this debate is unification, not integration. Unification concerns us, as do defence policy and the sovereignty of this country.

Do efficiency and economy mean anything in the context of this bill when one considers what has happened in the forces in the last year? These questions concern us. What do we find? There has been a sort of stop and go, pause, retreat, change, reverse and forward action on the part of the Department of National Defence which has disproved the validity of what the minister has tried to maintain. In the forces we see a patchwork quilt of reaction and reflex actions. In these instant decisions that we have heard of the prime ingredients in the kitchen have not necessarily turned out to be for the good of decision making. Certainly the incident of the 500 pilots who were prematurely retired—one leading authority said that this decision cost the Canadian taxpayer over $125 million—was not a positive contribution or a peg on which the minister can hang his hat. There was the bowler hat incident, and that does not make members on this side of the house or the people of Canada feel particularly relaxed.

• (5:50 p.m.)

Then there was the "instant mix" decision on pilot pay increases which for the first time involved discrimination between air crew. This has now been resolved in part as a result of the general increase and the recent study of the salary structure. So there was a positive contribution in the end but for many months the situation caused dissatisfaction and erosion of men and morale. Again, the re-engagement bonus, though perhaps fine in theory, was not working out until the pay increases were announced last October. These decisions, I suggest, were nothing more than desperate reflex actions by the department at a time when they did not really know where their plan was taking them.

Much has been said about the efficiency and economy which will result from unification. Let us consider the question of economy. The minister can boast about results in certain areas but the over-all price tag, according to my information, is higher than it ever was.

I do not intend to review the command structure proposals, because the hon. member for Queens showed us that no other country has followed the proposal contained in the bill before us, certainly not Britain and the United States, two large countries with a long military history. There has never been any complaint about the integration of command at the top level or about integration at many levels. Our criticism is directed toward unification at the lower levels, especially at the combat level. There is no objection to transport, dental, medical services and so on, being supplied by a single corps. But there should never be unification at the lower levels where combat is involved.

These are my views after reading the reports and the evidence presented before the defence committee. I suggest that the level at which unification might be applied should never be below the regimental level in the army, on the ships and in the squadrons. No less a person than Mr. R. S. Malone, in the course of a series of articles which appeared in the Winnipeg *Free Press*, has pointed out the danger of unification at combat level. I do not know whether he has yet been quoted on this aspect, but he writes that the minister is trying to swim against the current which is flowing in other countries of the world, especially the United States. Mr. Malone is speaking about the decision not to impose unification at combat level. He says:

> The same situation exists in the United States where an increasing effort is now being made to create and expand on regimental identification. To quote the U.S. Secretary for the Air Force, "men have functioned most effectively as members of an identifiable group. The spirit of unity . . . of brotherhood . . . is enhanced by tradition, pride in one's organization and by a distinctive uniform which is a mark of membership.
>
> The value of *esprit de corps* cannot be measured with precision.

This is very different from something like concrete which can be measured with precision. That is why progress toward a unified command is so different, in one sense, from the construction of a supermarket, for example. The writer continues:

> No price tag can be placed on it, yet we all recognize its intrinsic contribution in the quality of our armed forces. It is the heart of the true fighting force.
>
> We should not tamper with that precious *esprit de corps*, that sense of identification, by immersing it in a vast agglomeration of a single service."

I ask the hon. member for Beauharnois-Salaberry to consider carefully this expression of opinion by Mr. Malone, a man who, if he ran for political office, would certainly not sit on this side of the house. He is fairly well identified, I think, with one party, or at least

he was until the question of unification arose. It is such reasoning by men like Mr. Malone and men still more knowledgeable than he which disturbs so many of us in this house to the point at which we speak perhaps ad nauseam, in the opinion of some sensitive members of the press, in order to discharge the duties which we feel are placed upon us. It is because of this concern that we find ourselves so firmly opposed to this unification bill.

Loss of identification at combat level will leave Canada by itself.

I see it is six o'clock and I would like to call it so.

Mr. Deputy Speaker: It being six o'clock the house will now proceed to consideration of private members' business as listed on today's order paper. Perhaps I could read the proceedings on the adjournment motion at this point.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Lac-Saint-Jean (Mr. Simard), Administration of Justice—absolute pardon for first offence; the hon. member for Beauharnois-Salaberry (Mr. Laniel), National Film Board—lack of documentary films on confederation; the hon. member for Winnipeg North Centre (Mr. Knowles), Canadian Centennial—suggested complimentary trips to EXPO for older Canadians.

PRIVATE BILLS

EXCELSIOR LIFE INSURANCE COMPANY

Mr. Robert Stanbury (York-Scarborough) moved the second reading of Bill No. S-26, respecting the Excelsior Life Insurance Company.

He said: Mr. Speaker, this is a bill to continue as a federal company a company which is an existing Ontario company, in fact, one of the leading insurance companies in Canada.

• (6:00 p.m.)

The Excelsior Life Insurance Company was incorporated under the laws of the province of Ontario by letters patent dated August 7, 1889. It has been licensed with the federal Department of Insurance since June 23, 1897.

[Mr. Nowlan.]

I understand that, in terms of assets and over $1 billion of insurance in force, it is one of the largest insurance companies in Canada. As a provincial company the Excelsior Life Insurance Company is subject to most of the provisions of the Canadian and British Insurance Companies Act to which it would be subject as a federal company, but at the same time it is subject to the jurisdiction of the Ontario Corporations Act, certain provisions of which overlap and conflict with the provisions of the federal act. This dual jurisdiction does result in some hardship and inconvenience. The company, for instance, must prepare its annual statement in the form prescribed by the federal Department of Insurance, but its annual report is prepared on a different basis to comply with the provisions of the Ontario Corporations Act. The Ontario act, of course, is designed to apply to all Ontario corporations and not particularly to companies engaged in the insurance business.

The investment powers under the Corporations Act in Ontario do not conform to those provided for under the Canadian and British Insurance Companies Act. The provisions of the federal act, however, are the standards referred to in the investment community.

The company is engaged in direct competition with federally incorporated companies and with British and foreign companies operating in Canada, and it feels prejudiced by the narrow investment powers which it has under the Corporations Act of Ontario.

In some respects the Ontario legislation is silent in respect of certain administrative procedures, and the company has been following, and must comply with, the more detailed federal requirements. There are certain areas of difference in the field of administration between the federal and provincial requirements. These could be resolved if the company became a federal company.

I understand that the Ontario Department of Insurance has been quite understanding in dealing with this company in its operations under these circumstances. The company, in fact, has been treated much as if it were a federal company. The Excelsior Life Insurance Company is licensed to operate in each province and to transact the business of life insurance, accident insurance and sickness insurance. The company carries on business in all the provinces of Canda.

Reincorporation as a federal company and subsequent sale and transfer of the company's assets to the new corporation is not in itself feasible in view of the size of the Excelsior

Life Insurance Company. First of all, there are close to 200,000 policyholders. There is more than $1 billion of insurance in force. It would be quite impracticable to transfer these policies to a federal company. Second, there are mortgage loans on real estate which are held by the company totalling approximately $68 million. It would not be feasible to register assignments of such a large number of mortgages to a new corporation. Third, the company has marketable securities to a value in excess of $83 million. The task of transferring these securities would be quite onerous.

Therefore, Mr. Speaker, the purpose of this bill is to achieve the effect of reincorporation as a federal company without the apparent difficulties posed by that course of action. This bill, by a special act, would make The Excelsior Life Insurance Company, a company of long standing and high reputation throughout Canada, a federal company subject to all the controls and federal laws to which it is now subject and make it if anything more competitive with other companies in the field and enable it to serve the public interest better.

Mr. Frank Howard (Skeena): Mr. Speaker, before the hon. member concludes his remarks, would he permit a question? If so, could he tell the house, if he has knowledge of this, the extent to which the company is owned in Canada by Canadians and to what extent it is owned by nationals of other countries? In other words, could he tell us to what extent the company currently is owned by Canadians and to what extent it has foreign ownership?

Mr. Stanbury: Mr. Speaker, I do not have that specific information. My information is that it is an independent company, not controlled by any foreign company, but I am not familiar with the exact shareholding. I would be glad to inquire about that and have this information available when the bill reaches the committee stage.

Mr. Howard: Mr. Speaker, I should like to thank the hon. member for York-Scarborough (Mr. Stanbury) for undertaking to provide this information when the bill reaches the committee stage, which I suppose is as appropriate a time as any to deal with it. I think it is perhaps all the more appropriate that we study the structure not only of this company but of other companies in the light of the extremely important double-barrelled statement which the Prime Minister made last evening. I did not see the whole speech but I read newspaper extracts from it. I think we might touch on that a little later.

At the moment, however, I should like to quote a few words from the explanatory note in the bill, which to me are extremely revealing. I should think they would be revealing as well to the government and would give the government, if it needs it and I hope it does not, an additional reason to spur on its consideration of the degree to which Canadian law should apply to companies of this sort or companies generally operating in the field of handling other people's money, which includes life insurance companies, other insurance companies, trust companies, loan companies, investment companies and the like. The explanatory note reads as follows:

> Non-conformity of the Ontario legislation with the federal legislation respecting the operation of a life insurance company and the inconvenience and hardship resulting from the dual jurisdiction of the laws governing the affairs of the company make it desirable for the company to achieve the status of a company incorporated by special act of parliament.

• (6:10 p.m.)

Perhaps I am reading more into this than I should, not having the knowledge lawyers possess in respect of the intricacies of law, but as I see it there is a conflict in this field between the law of Ontario and the law of Canada which results in inconvenience and hardship to such companies. Our first consideration should be in respect of private individuals, and if this conflict results in inconvenience and hardship to the companies it must result in greater inconvenience to the policyholders, shareholders and investors.

In passing let me cite as an example the awkward position in which the investors, shareholders and policyholders of the Prudential Company found themselves, and that company was incorporated under Ontario law. I might also cite the situation in respect of the North American General Insurance Company which was incorporated federally by private bill. In that case the provincial government said it had nothing to do with the situation because it was the federal government's responsibility to legislate in respect of bankruptcy. The federal government said it had no responsibility because North American General Insurance Company, although incorporated by the federal government, was a company belonging to Prudential. As a result of the buck-passing between the federal and provincial governments the investors, shareholders and policyholders of those companies found themselves in the middle of a squeeze.

I am not arguing about the merits of the relationship which investors, speculators, shareholders or policyholders might have with these companies, but the fact is that because one was incorporated provincially and the other federally, with both governments passing the buck and refusing to accept responsibility, these people were left out in the cold.

The Excelsior Life Insurance Company has attempted to explain this away by suggesting that the non-conformity of the provincial legislation with federal legislation results in hardship and inconvenience because of different laws and dual jurisdiction. We should be looking for some way to do everything possible to ensure that individual Canadians who have a financial relationship with these companies are fully protected. This is particularly true because we have required these companies to be incorporated by statute.

We in parliament should pave the way for the federal and provincial governments to do away with the luxury of political combat in regard to the fixing of responsibility. These governments should be honest enough to admit their errors. There is obviously something of greater importance than political gain on the part of governments. The rights of individuals in respect of their relationship to the companies are of more importance.

Mr. Cameron (High Park): Would the hon. gentleman permit a question? Has he not heard the Minister of Finance (Mr. Sharp) say on several occasions in the house that the North American General Insurance Company was involved because its investments were stolen?

Mr. Howard: I realize that it is impossible to legislate against theft. The best we have ever been able to do in this field is to legislate penalties.

Mr. Cameron (High Park): Is it not true that—

Mr. Howard: Just one moment. Surely my hon. friend, who is a very learned lawyer with many years of experience in this house, will give me the opportunity of answering his first question before he asks another. I know what the minister has said. I am simply suggesting that there was buck-passing involved between the federal and provincial governments, neither one of which wanted to set up a commission to inquire into this situation. I only referred to Prudential and North American General because they are companies which fell by the wayside. I am referring to Excelsior Life, North American General and Wentworth in relation to the necessity for governments to do something to protect the rights of individuals. That is the point I am making. If my hon. friend wishes to ask his other question now I will attempt to deal with it.

Mr. Cameron (High Park): The federal government's responsibility is to check on the financial stability of the insurance companies incorporated by the federal government through private bills. The North American General Insurance Company, which was incorporated in this way, as the result of stock control became the owner of a finance company. The real onus in respect of what happened to the finance company should be placed on the insurance company for allowing the finance company's assets to disappear in this way. Let me also say to my hon. friend that I agree the government should assume some responsibility in this matter.

Mr. Howard: I did not think for a moment that the hon. member for High Park and I were at odds in respect of that principle. We must be concerned about the welfare and rights of individuals. The government of Canada has for some time had knowledge of this matter. Certain officials of the government of Canada, charged with the responsibility of overseeing activities in this field, viewed with alarm the growth of inter-corporate relationships which permit one individual or a group to control a borrowing company, an insurance company, a lending company and a finance company. So the government should have become alarmed about this situation.

This situation has permitted a savings and loan company involved in this inter-corporate group to borrow money from the hon. member for High Park, using him as an example only, to lend to one of its other companies. This relationship in the field of finance which allows companies to borrow money and act as insurance companies and lenders, all of which is done in an intimate way rather than at arm's length, does not lend itself to the protection of investors. The government of Canada has known about this situation for many months, if not years, but has done nothing except to say that the matter is under study and consideration. In my opinion that is not good enough.

• (6:20 p.m.)

The parliament of Canada is here being asked to deal with a matter of great magnitude and we should be concerned about protecting as much as possible the rights of the people who will have a financial relationship with the Excelsior Life Insurance Company. If the government of Canada has abdicated its responsibility in this field, parliament must step into the gap. We hope this is what parliament will do; we hope this is what the committee will do when the bill proceeds beyond second reading and is sent to committee. I understand there is an arrangement that the bill will be sent to a committee that is not now heavily burdened with work and can tackle this job with some ease and speed.

We should insist that when the bill gets to that committee not only the company officials but government officials will give the committee detailed knowledge about the extent of the relationship of this company with other companies, the extent to which it is owned by people who are not Canadians, and the extent to which it is able to protect the interests of the individuals who have financial relationships with it. I do not think it is good enough to say that the company is financially sound at the moment and is thus able to meet its liabilities. That may be all well and good now, as was the case with the North American General Insurance Company when it was incorporated by parliament, but there is nothing to stop some other element in the financial field gaining control of this company and operating it in such a way that the interests of the shareholders, investors and policy holders are not protected.

It falls upon our shoulders, in the absence of any government indication of responsibility or concern as to this matter, to try to do something about it. I hope that before the appropriate committee we will be able to amend the bill in such a way that the degree of protection we feel is necessary will be written into the bill. I believe this is necessary. We are concerned about the extent of foreign ownership of Canadian industry. We in this party have been concerned about this for many years. Many of us noted with appreciation the comments of the Prime Minister—as I said earlier, I only read them later—about his government's concern over the question of foreign ownership.

We, of course, do not bring the approach of Janus to this problem. Ours is a one-faced approach. We are looking in only one direction, that of protecting the interests of Canadians. My reading of the Prime Minister's comments reminded me of Janus, an ancient Roman deity after whom the month of January was named. The first month of the year was named after him because he had two faces and as a consequence was able to look both fore and aft.

We take the Prime Minister at his word when he says he is concerned that there be greater Canadian ownership of our industries. This concern has been expressed in the bank bill, No. C-222, which is being examined by a committee at the moment. The bank bill contains a declaration of government policy in the field of banking, namely, that not more than one individual or corporate group can own more than 10 per cent of the shares of a bank, not more than 25 per cent of the shares of a bank can be owned by foreigners, three-quarters of the directors must be Canadian citizens ordinarily resident in Canada, and nobody who is a director of a bank should at the same time be a director of another bank, trust or loan company.

This exemplifies what we are getting at. It shows that the government was cognizant of the problem of the close ties between banks and other financial companies when it wrote those provisions into the bank bill. In our opinion insurance companies have just as great an effect upon the money situation of a nation as a bank because insurance companies have within their grasp, I venture to suggest, billions upon billions of dollars of policyholders' money. This money is invested by insurance companies at varying interest rates in various projects and is thereby pumped back into the economy of the nation.

We submit that if the government deems it to be the correct policy to place certain restrictions upon the degree of ownership and the interdirectorship of banks, it is equally valid to take the same position with respect to insurance, trust, loan and investment companies or any company that comes before parliament, asks to be incorporated and is involved in the financial field in some way. We want to assist the Prime Minister in attaining his goal. We think it behooves the Excelsior Life Insurance Company and other companies in this field to conform to the policy of the government, enunciated by the Prime Minister, with regard to restrictions on the degree to which they are owned in other countries and restrictions upon the relationship which their directors have with other companies in

the financial field. The policy enunciated in the bank bill should apply to them.

When this bill is before the standing committee we want from the owners of the Excelsior Life Insurance Company an indication whether they agree to the incorporation in this bill of the principles set out in the bank bill. If they do, to a degree this would be an acceptable course for parliament to follow. In addition,—and this is much more vital—we shall have to consider the steps necessary to preserve the rights of Canadians who have relationships with this company whether as investors, shareholders or policyholders, because while the Excelsior Life Insurance Company may today be as sound as can be, there is no guarantee that this will continue to be the case. We have only to refer again to the North American General Insurance Company which parliament incorporated some years ago without a word of debate or examination. Presumably at that time everything was fair and above board in so far as the operation of the company was concerned, but it subsequently fell into difficulties. We have to look at—

Mr. Deputy Speaker: Order. I must advise the hon. member that the time allotted to him has expired.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am sure all hon. members listened with interest to the statement made by the Prime Minister (Mr. Pearson) this afternoon when he indicated, in reply to a question, that already the insurance companies operating under the Canadian and British Insurance Companies Act were fulfilling the requirements that the government has now seen fit to introduce in the amendments before the committee in respect of banks owned in Canada.

• (6:30 p.m.)

I was very interested in discovering what was the authorization for this statement and therefore I looked at incorporation under the original Canadian and British Insurance Companies Act, and particularly the sections with regard to Canadian ownership. I find in the second volume of the statutes, chapter 31, Part II, section 6 (3), the closing part of which reads as follows:

> —and a majority of the ordinary directors or of the shareholders' directors, as the case may be, of a company shall at all times be Canadian citizens resident in Canada.

Certainly this section was drafted many years ago. In fact this statute was originally drafted in 1911 and revised in 1952. At that time a section was written into it which affects the Canadian and British Insurance Companies Act which demands among other things that they shall deposit in a chartered bank in Canada all moneys received by them on account of stocks subscribed or otherwise received on account of the company, and may withdraw the same for the purposes of the company only, and may do generally what is necessary to organize the company.

I am raising this matter in speaking about the bill because I think that there is a growing need in Canada to review our policy with regard to the creation of these new insurance companies and to consider whether we are accomplishing what we wish to provide for in incorporation of financial institutions. It is interesting to note that this particular company is a very large one; it has $83 million in assets. I was particularly interested in discovering how these assets have grown. This information is contained in the report of the superintendent of insurance. Under section 63(4) of the Canadian and British Insurance Companies Act it is indicated that in 1948 only .30 per cent of the total assets were invested in specified fields. This amount has now grown to 1.5 per cent of the total assets. If we check the amounts we will see that they are divided between bonds, stocks and real estate. The investment of the insurance companies registered under the federal government in 1948 was $8,900,000. In 1965 it was $94 million in stocks. In 1948 their investment in real estate was $1,183,000 and now it is $41 million. This proves the impact that these companies had on the Canadian economy and emphasizes the need for greater study and consideration which should be given to these bills.

A certain philosophy is apparent in our attitude to various companies. If the company is Canadian owned it is considered to be a good company, but if it is foreign owned it is a bad company. I think this is not necessarily true, and it is certainly not always true. However, I think it is of advantage to Canada if the company is owned and controlled by shareholders in our country because of our greater ability in directing the assets and savings of that company. Much of it is in the real estate field, and it is easier to direct the operations of such a company so that Canadian needs can best be served.

I have not had much opportunity to study the insurance companies act in any depth but I find that in the past there was a great

interest on the part of the legislators to make sure that insurance companies under federal control take into consideration at all times the best interests of Canada both as far as investments are concerned and in the choice of directors. Since 1910 there has been no change. The government, in its recent instructions to financial institutions as contained in the Bank Act and in the pronouncements of some ministers of the crown has placed greater emphasis on the majority control than was originally required in the Canadian and British Insurance Companies Act. There is a requirement now for a 100 per cent directorship in Canadian hands. In fact it goes further than that and states that the directors must represent not less than 75 per cent of the ownership, and that of the 25 per cent which remains only 10 per cent can be under the control of one company or corporation.

I was pleased to hear the explanation given by the hon. member sponsoring the bill and to note that he was willing to ascertain the disposition of the control of the original capital of the company.

I am surprised to see that the explanatory note does not indicate whether or not the company wishes to be incorporated. A reference is made to Part IX of the Canadian and British Insurance Companies Act. I find that in chapter 31, Part IX, section 150 there is an indication of the role to be played by provincial companies. As I read the other sections in that part, I find that these companies are not placed under the same restrictions under which they will now find themselves under federal control. It is quite true that under section 152, and to some extent under section 153, the superintendent is the federal superintendent. At the same time, they do not have to provide information as to the control of their stocks, the disposition of their holdings or file certificates that the proper transactions have taken place, as they would if they were a federal company.

• (6:40 p.m.)

I presume part of the difficulty of this company arises from the fact that they have been issuing life insurance for a great length of time in the province of Ontario, as well as in other provinces, in conformity with Ontario insurance laws. I assume the company is rather reluctant to release the paper that they have, including the assets which they hold in trust for their policyholders. I assume they are reluctant to make any major change in the transactions in which they have hitherto engaged in the province of Ontario, but are going to set up a new federal company that will assume responsibility for the provincial company but will not take over the assets or liabilities of that company. It is extremely difficult to tell what the company wishes to do or what it is asking in this instance.

Mr. Stanbury: If the hon. member will permit, I will try to explain briefly. As I understand it, one of the means of dealing with the situation—

Mr. Deputy Speaker: Order, please.

Mr. Stanbury: I understand the hon. member is posing a question, Mr. Speaker, and I should like to answer it.

Mr. Deputy Speaker: The hon. member can only reply to the question on the understanding he is not closing the debate.

Mr. Stanbury: Perhaps the hon. gentleman has made his point and is satisfied that the debate may be closed?

Mr. Peters: No, I understood, Mr. Speaker to say, on the understanding that the debate would not be closed, that the question could be answered.

Mr. Stanbury: Perhaps I could answer the questions at the end of the hon. member's remarks.

Mr. Peters: We are confused as to what this particular incorporation may mean in terms of this specific company. There have been a number of other companies that have wanted federal charters and were prepared to operate under federal legislation. However, this company appears to be operating now under part IX of the Canadian and British Insurance Companies Act. The explanatory note reads in part:

> Non-conformity of the Ontario legislation with the federal legislation respecting the operation of a life insurance company and the inconvenience and hardship resulting from the dual jurisdiction of the laws governing the affairs of the company make it desirable for the company to achieve the status of a company incorporated by special act of parliament. Due to the size of the company, continuation as a federal company and not a federal re-incorporation has been applied for.

Perhaps this explanatory note is easily understood by insurance people, but it completely confuses me. I have looked at part IX of the Canadian and British Insurance Companies Act under which I understand the company is operating now. As I understand it, the company operates under this act because of

the inspection that is given by the superintendent of insurance. Now it is asking for continuation as a federal company, but not federal re-incorporation of the same company. I feel this situation raises a problem as to exactly what the company wants. It certainly is not clear.

In any case, Mr. Speaker, I believe that the operation of The Excelsior Life Insurance Company has been good. I have checked and it rates quite highly, I believe about seventeenth amongst insurance companies in Canada issuing ordinary insurance. It rates fairly high in group and collective insurance. I presume the company is going to continue to operate in the same manner. I assume therefore that the only reason for applying for federal incorporation, and not re-incorporation, is something which I do not understand. I wonder therefore why this should be granted.

I believe, Mr. Speaker, that members of parliament will have to give very serious consideration before they pass insurance bills, particularly those bills which will give to insurance companies the protection they are obviously going to be granted by federal incorporation. The hon. member who preceded me mentioned that the North American General Insurance Company that is federally incorporated and operating in Ontario is the exception. I feel that things have been done in that company that were close to the border, and that the superintendent of insurance probably did take special precautions against what eventually happened. I understand that rather than the annual inspection, the superintendent made inspections of this insurance company every two months, and that he was trying to track down some of the transactions that have taken place. An accountant was placed in the office to ascertain the total operations of this insurance company. The fact that one of the senior officials of an insurance company steals from the company, not by manipulating company assets but by actually removing the assets from the company office, cannot be prevented.

If we are going to give federal incorporation, then we should be assured as nearly as possible that the incorporation is going to be in the interests of the Canadian public, that the shareholders are going to be protected to the greatest extent possible and, in particular, that the policyholders are going to be protected by the superintendent of insurance to the extent that this money may be the same as money in the bank. For these reasons, I believe it will be necessary for the Canadian government to make amendments to the Canadian and British Insurance Companies Act to ensure that the majority of the directors of the company are Canadians and normally resident in Canada, and that the capital, which in many cases is more important than the people that we have in these offices, be Canadian. This capital should be directed toward Canadian ends and Canadian needs. I think the indication of large investments by insurance companies, particularly in the field of real estate, is something that is worth while and should be encouraged not only by individual companies but by the government as well. I think that this can only be done when these companies become Canadian companies, the finances of which are under the control of Canadian citizens.

[Mr. Peters.]

• (6:50 p.m.)

In reading the insurance act I find there is no limitation upon insurance companies conducting bona fide transactions in a business-like manner. Section 9 of the act which refers to provincial companies asks only for very limited control over such companies. I see the provision as no infringement upon their rights as provincial corporations, and I see no particular limitation upon this company if it did wish to remain in the provincial field and conduct its affairs over a large number of Canadian provinces. That this company should ask for federal incorporation I think is a very good proposition; but I suggest that the company representatives should be very carefully questioned when they do appear before the committee about why they want this protection of federal incorporation and are not satisfied—

Mr. Speaker: Order, please. I must interrupt the hon. member as his time has expired.

Mr. Stanbury: Mr. Speaker—

Mr. Speaker: If the hon. member speaks now he closes the debate.

Mr. Barnett: Mr. Speaker, on a point of order, I wonder whether it could be understood that when the hon. member has finished speaking we will call it seven o'clock. In that event I would certainly have no objection to listening to the hon. member conclude the debate.

Mr. Speaker: It is difficult to rule on that question because the hon. member is raising a

point in anticipation. It is rather difficult for the Chair to say in advance what will happen at seven o'clock. The only thing I can say now is that if the hon. member speaks he closes the debate.

Mr. Barnett: Mr. Speaker, I raised this point of order because earlier when somebody else was occupying the chair there was a little mix-up about who was asking whom a question. It was suggested that the hon. member who is sponsoring the bill would be prepared to deal with certain questions which were raised by the hon. member for Timiskaming, and there was a question of order involved at that point.

In view of the closeness of the hour of seven o'clock I do not think that it would be fair to the sponsor of any other bill if we were to proceed with the discussion of another bill at this time. That was the reason for raising the point of order, in the hope that there would be consent.

Mr. Stanbury: Mr. Speaker, certainly I have no objection to the hon. member's suggestion and I hear no objection from the house.

Hon. members have made some constructive comments, and I thank them for their appreciation of the status of this company which is applying for this unusual and special act. This company does not fall into the usual category of incorporations because it is an existing and long established company, as I explained. The difficulty is that it is incorporated as a provincial company, and because it operates in every province in Canada this makes for some awkwardness, in addition to there being certain conflicts between the requirements of the various jurisdictions.

The hon. member for Timiskaming (Mr. Peters) is correct in that this company would have to submit itself to stricter requirements than it is now subject to if this bill were passed. It is quite prepared to do that. I think this bill is clearly in the public interest, as well as in the interest of the company, which feels that it will have less red tape to deal with in coping with the requirements of federal jurisdiction, which it is quite prepared to abide by. Frankly I think it will have perhaps some additional prestige in being a federal company, rather than a company incorporated in one of the provinces of Canada.

The bill is somewhat unusual, as I say, in that it is not seeking an incorporation of this company but will simply perpetuate the same rights and obligations the company now has as a provincial company. The only difference will be that as a result of the passage of the bill it will become a federal company and will acquire certain additional obligations as a consequence.

I understand members feel that this bill should be considered in committee, and therefore by consent I intend to move, seconded by the hon. member for High Park (Mr. Cameron):

That notwithstanding the provisions of standing order 105 the said bill be referred to the standing committee on miscellaneous private bills.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Motion agreed to and bill read the second time.

Mr. Stanbury: I move, seconded by the hon. member for High Park:

That notwithstanding the provisions of standing order 105 the said bill be referred to the standing committee on miscellaneous private bills.

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

Some hon. Members: Agreed.

Motion agreed to and bill referred to the standing committee on miscellaneous private bills.

Mr. Speaker: The hour appointed for the consideration of private members business has now expired.

Is it understood that this sitting is now suspended until eight o'clock?

Some hon. Members: Agreed.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

NATIONAL DEFENCE ACT AMENDMENT

AMALGAMATION OF NAVY, ARMY AND AIR FORCE

The house resumed consideration of the motion of Mr. Hellyer for the second reading of Bill No. C-243, to amend the National Defence Act and other acts in consequence thereof.

Mr. Nowlan: Mr. Speaker, before the supper recess—I almost said summer recess, we

may not have a summer recess—but before the supper recess I think I had reached the point of saying that Canada, with this policy, is going against the current. The minister is trying to swim against the current, against the rocks. I said other countries had not followed his policy of unification. I cannot stress too strongly that what has taken place elsewhere is integration, not unification. When we look at our commitments under NATO or NORAD, what unified forces are there? What unified forces are there in the Gaza strip, in Cyprus; what unified forces of this country contributed to Korea? In the present confrontation in which North Viet Nam faces the free world, and involves the whole world, does a unified force exist there? There you have the classic case of an integrated force working under a commander with integrated commands. Does the soldier slogging through the mud in Viet Nam worry about unification? He is under an integrated command.

Government members invariably say that the unification concept is bold and new, and is examined by the world. Ministers of defence come here to look at what we have done. Well, Mr. Speaker, it seems that most countries, seeing what we have done, reject similar moves in their own countries. We might be the microscope for other countries to look through, but they reject the concept of this when they see what is beneath the lens.

Listening to hon. members opposite trying to be constructive and trying to take pride in what they think other countries admire reminded me of a legendary story. The hon. member for Kenora-Rainy River (Mr. Reid) told the legendary story of Canute but he twisted it. I hope I do not twist mine. I am reminded of Lady Godiva and her journey through Coventry.

Mr. Knowles: Careful.

Mr. Nowlan: At least that lady had the direction of her horse. She knew why she was on the horse. Had the townspeople disobeyed their orders and looked at the lady they would have seen that she was good to look at.

So it is with this integration plan. Some features of it are constructive and positive. But Lady Godiva had the direction of her horse, and because of the demand of her husband there was some purpose in what she was doing. Besides, it was difficult to see her; she had long hair. Unfortunately the present minister, with his policy, is exposing the armed forces of Canada to a scrutiny which cannot be covered by long hair or propaganda. What he is doing to the forces is fundamental to the country.

Mr. Knowles: Is the minister a peeping Tom?

Mr. Nowlan: He is no peeping Tom. My analogy to Lady Godiva, who was good to look at, is to show that she had a purpose; everybody knew why she was on the horse. We, on the other hand, are not sure of our direction and there are many political cross currents which may affect the purpose of the unification program.

To continue this laboratory experiment, affecting people and positions, involving long traditions, is to ignore fundamental world problems. In the free world there is international integration. Canadians in Gaza, Cyprus, Korea—I will not mention Viet Nam—have served as parts of integrated forces under an integrated command.

One country which looked at Canada's experiment and rejected it was a small country, smaller than we are, New Zealand. Canada has never had a military hierarchy and we have no real world military history. We are a small country and we have a good history, but we shall never be a dominant military power—at least in my lifetime, and that is good. Two major powers exist in the world and it is foolish not to recognize that. Other countries recognize it, New Zealand being one of them. Here I should like to quote from an article by Canadian Press, appearing in the *Chronicle-Herald* of Saturday, June 11, 1966. The article is headed: Integration of Defence Forces Unfavorable for New Zealand. I wish to read some brief paragraphs from this report, because the situation is fairly analogous to Canada. I quote:

> New Zealand has decided against establishing a unified defence force combining all three services on the Canadian model. The Canadian system has been studied by senior New Zealand defence officials in recent years and at one time it was thought that aspects of it would be adopted here.
>
> For several years, New Zealand has moved toward integration of some functions of the forces, especially for civilian staff and supply.
>
> However, a white paper just issued—

This article, dated June 11, 1966, is topical.

—covering defence policy up to 1970—

At least they have defined their problem.

—explains why complete integration is not favored.

I now quote from the report:

> Examination has led the government to conclude that such a combined force would not make sense in terms of our principal aim, to gain maximum effect from the level of contribution which New Zealand can make.
>
> The force of this type which New Zealand could afford to maintain in peacetime would never be large enough to give a truly independent role in limited war.

• (8:10 p.m.)

They go on to say they feel they can supply soldiers, transport for the air and anti-submarine ships for anti-submarine warfare. This is a situation somewhat akin to Canada's. International integration by the free countries in supplying different forces has been necessary in the past, and it will be necessary in the future. Only a country such as the Goliath to the south has the men, the physical strength and the means to operate an independent unified force, and even they do not have such a unified force to contribute.

These have been a few remarks by a layman looking at the picture and reflecting the concern of men who admittedly know much more about the subject than he does. But when there is real division among people at the top, and when the minister is proposing policy which runs contrary to that of any other country, there is good reason to feel perturbed. In various parts of the world, Cyprus and the Gaza strip, for instance, one finds integration, not unification, and it is surely time for us to pause and for the minister to make a real study of what unification will mean.

Before concluding I should like to refer briefly to the situation in my own province of Nova Scotia. Other speakers have covered the situation as far as the navy is concerned. I think of the contribution made by my hon. friend from Halifax (Mr. Forrestall) and his colleague, also from Halifax (Mr. McCleave). I want to make one or two remarks about the so-called base consolidation program. If we are not to have forces, then obviously we do not need bases, but the minister has told us that the base consolidation program is to be reviewed and that certain bases will not be closed until 1967 or 1968. I would express the hope that while this government is trying to develop a nation from sea to sea, the government, in this base consolidation program, will keep in mind the historic and traditional contribution made by the east, from which I come, toward the provision of services for the forces.

We are not blessed with the tremendous natural resources which are available in other parts of the country. Halifax was founded as a service town. We realize that if the minister continues to cut back the forces, bases in certain parts of Canada will have to be closed. But I am speaking of an area which, above all, has traditionally played its part in defence policy by the maintenance of bases.

There is one base in my riding, Cornwallis, which at one time contained 12,000 people. Already there are rumours about the future of this base. Statements are being made that it will not be closed until a certain date. If there are to be training bases in the future, we find it difficult to understand the closure of bases which were, from the very beginning, intended solely for training purposes, especially if bases for training unified personnel are to be developed in other parts of Canada.

We do not begrudge to other parts of Canada their geographical assets and their natural resources. But to offset our limited resources and our limited capacity we have always, as a matter of tradition, shared the defence burden of maintaining and servicing bases. There is a great deal of concern in Nova Scotia lest bases should be closed there and bases with similar functions established in more central parts of Canada Cornwallis was commissioned in 1951, and since then its sole purpose has been the training of personnel.

The Acting Speaker (Mr. Rinfret): Order. I regret to inform the hon. member the time allotted to his speech has expired.

Is it agreed that the hon. member may continue his speech?

Some hon. Members: Agreed.

An hon. Member: He never even asked.

Mr. Nowlan: I want to thank the house for allowing me to continue my remarks. As I was saying, from the beginning the function of Cornwallis has been training. Several members of this house were trained there during the second world war. All the facilities are available. It is a completely integrated town. To close that base and establish training bases in the more central parts of Canada to perform the same function seems a poor way of economizing. In many areas of the east, and indeed throughout Canada, there is real concern lest Hellyer's hallucination might be Canada's lament.

Mr. Leonard Hopkins (Renfrew North): Mr. Speaker, first I would like to say that, as another layman in this debate, like the hon.

member who has just spoken, I will try to keep my eyes on the horse because I imagine he had a better sense of direction than Lady Godiva.

Major changes in the economic and social characteristics of a country or of several countries have a great effect upon the old ideas of nations concerned. Similarly, international pressures such as those created by the conflicting ideologies of the western democracies and the communist bloc have been the guiding force of changes which have taken place in the defence strategy, defence equipment, and defence planning of the western world.

Naturally, the larger and wealthier nations of the world can participate in every phase of defence operations and defence research. Middle powers such as Canada must decide what they can do best and try to specialize in fewer fields of military endeavour. Canada is also among those nations which have to decide how best they can perform those tasks in such a way that both efficiency and economy will receive the fullest consideration.

The real basis of this bill can be found in the substantial technological change which has taken place during the last 20 years, as reflected in the report of the royal commission on government organization, which had the following to say in regard to the Department of National Defence:

> Not only is the relative size of the 'administrative tail' growing steadily in all military forces—for budgeting, accounting, supply, construction and general administration; in addition, among the operational elements themselves there is a rapid increase in the technical content of the work, a large element being common to all three services. Consequently, there is a growing range of activities of common concern to the services, for which the traditional basis of organization is unsuited. It is increasingly recognized that to maintain three separate organizations for such functions is uneconomic. Moreover, the chronic scarcity of many of the skills involved cannot be ignored.
>
> The traditional pattern also aggravates the rigidities in the defence establishment resulting from collective arrangements. It has meant, for example, that in finding signallers for the Congo at short notice, the Canadian Army could look only to its own resources in the Royal Canadian Corps of Signals, having no access to the large reservoir of communications personnel in the other two services.

The commissioners went on to say:

> It is the opinion of your commissioners that effective consolidation cannot be based on joint control by the three services with the object of preserving the traditional responsibility of the three chiefs of staff for the control and administration of all the armed forces.

[Mr. Hopkins.]

• (8:20 p.m.)

The commissioners recommended that the gradual transfer of executive control of common requirements to the chairman, chiefs of staffs, take place. The government, however, felt that this recommendation did not adequately solve the problems of the basic issues. It was recognized that if a single command structure was not established, co-ordination by the committee system could remain and would retain all of its inevitable delays and frustrations. The Minister of National Defence has been criticized in this house for not informing the house and the Canadian people about his plans to carry out his program to its obvious conclusion—a unified defence force for Canada. On page 19 of the white paper on defence I wish to quote the following:

> Following the most careful and thoughtful consideration, the government has decided that there is only one adequate solution. It is the integration of the armed forces of Canada under a single chief of defence staff and a single defence staff.
>
> This will be the first step toward a single unified defence force for Canada. The integrated control of all aspects of planning and operations should not only produce a more effective and co-ordinated defence posture for Canada, but should also result in considerable savings.

The white paper on defence has received wide distribution and in particular has been made available to all members of this house.

A special committee in 1963 met on 30 different occasions and heard from 28 different witnesses, some on two or three different occasions. After the publication of the white paper in 1964, the special committee met on 36 additional occasions, made five reports to the house and heard 41 different witnesses. In 1966 the standing committee on national defence met on 15 different occasions and heard from 34 different witnesses on the whole range of subjects dealing with reorganization, the progress of integration, the force capabilities, the roles and mission of each command, and the equipment that the commands operated to carry out their missions.

Since 1963 there have been 2,355 pages of committee evidence. Since 1963 the committees have met 81 times and have heard 103 witnesses. The minister and/or the associate minister have met with the committee on 63 different occasions.

The Canadian forces produce 4,500 copies in English and 4,500 copies in French monthly of an integrated magazine known as the *Sentinel*. The Canadian forces bulletin is another monthly publication containing unclassified information of general interest. It is

issued under the authority of the chief of defence staff. There are 30 base and station newspapers operated by the servicemen, containing news of local interest and of the forces at large. The comprehensive coverage and review of the principles involved in reorganization, the force structure and the important provisions necessary for unification were given by the Minister of National Defence on moving second reading of Bill C-243 on December 7, 1966. There have been numerous visits and talks by senior defence officials to civilian organizations and military units in Canada and abroad. Surely all these facts destroy any charge that has been made by anyone about lack of information.

The whole business of integration and unification of the armed forces of Canada is not just a political scheme, as some would have the people of Canada believe. It is a major readjustment of the administration and the operations of our armed forces, which forces have served our country in a responsible and dedicated manner in our past history during times when conditions were such that they could perform their duty without having to face many of the technical and complex international problems that or some time have been presenting themselves as a challenge to our country, and which are going to continue to present themselves in an even more complex way as a challenge in the future. Page 7 of the white paper on defence states as follows:

> In the post-war reorganization, which took place during the years 1945-47, it was recognized that Canada could not return to its pre-war attitude to defence. Canada was then relatively strong and prosperous at a time of Soviet expansion and western European weakness. In addition, Canada had undertaken new responsibilities through its membership in the United Nations.
>
> Another major lesson of the war was the inadequacy of the pre-war mobilization base. After September, 1939, considerable time elapsed before Canada was in a position to take a significant share in military operations. It was recognized that in any future war, such time, in all probability, would not be available.

Any industry that is running a large-scale operation must review those operations from time to time and make the necessary adjustments in its operations so that it will always be operating in the most efficient way, in the most economical way and in a way that can best serve its purpose. Similarly, the Department of National Defence is a large operation but is even more important to the Canadian people than is a particular industry. It is important to the defence of Canada; it is important to the peace keeping operations of the United Nations; it is important in the field of international relations; it is important to the image of Canada, at home and abroad; it is important to the economy of many areas of Canada, and it is important to every man and woman who serves in the defence forces of Canada.

At this point I should like to quote in part from a speech delivered by K. R. Patrick, O.B.E., C.D., president of Canadian Marigot Limited of Montreal. This speech was delivered to the Business Papers Editors Association:

> Defence is a big business and a big piece of the taxpayer's dollar, yet for the first time the application of modern management techniques is being applied to the management of this "business". It offers an unparallelled opportunity for the military to conduct their business in a businesslike manner.
>
> We know that the era is significant in terms of rapid changes and that these factors are changing the traditional way of doing things. Political, economical and social changes throughout the world are having a profound effect on the nature and the location of confrontations that might lead to war. It is just not radar and guided missiles or atom bombs that are new. There are, for example, satellite observations and computer manipulations that enable the armed forces to keep track of all surface vessels throughout the world at any instant and it is possible to instantly attack this shipping through use of this data.
>
> Who would have thought that our main concern, in a period of tension between the two great powers, would be centred in the events of Cyprus or central Africa, or that this would be a sufficient threat to world peace to call for United Nations troops.
>
> We sometimes forget that for 16 years now, the Canadian armed forces have not been involved in any war (since Korea). This suggests a whole new concept of training based on the kind of service that troops are now doing overseas, which is clearly an extension of the Canadian foreign policy. This exemplifies the military life and rules for Canadians as opposed to Americans.

This important bill cannot be considered in the light of the present alone. Its values and purposes are far reaching in that it deals with preparedness for the future. There have been several occasions in military history when countries have been caught unprepared.

• (8:30 p.m.)

The big reason for the unfortunate incidents that occurred during the Crimean war were largely due to the outdated military tactics displayed by the British. That lesson taught them to review their military strategy and techniques from time to time, and this is one of the major reasons Britain was in a position to face up to the first world war. The Americans had for a long time throughout their history felt they could remain aloof

from world affairs, but the disaster at Pearl Harbour proved to them they had to embark unequivocably into international affairs and maintain a higher calibre of preparedness.

In 1909 and in 1910 a naval defence bill was debated in this house. That debate took up approximately 2,400 pages in *Hansard*. The bill passed in 1910, but before a Canadian navy could be established a change of government took place and the Conservatives under the leadership of the right hon. Sir Robert Borden decided not to build a Canadian navy. As a result Canada entered the first world war without a navy.

Many things can be done in defence and other areas when a nation is under the pressure of international conflict, but it is to the credit of the Minister of National Defence, (Mr. Hellyer) that he is attempting to prepare the armed forces of Canada for their future role during a period of relative world peace.

We have heard a great deal from some of the senior officers who left the services because they disagreed with the policy of integration and unification of the armed forces of Canada, but what about that large number of senior officers who have chosen to remain in Canada's armed forces because they solidly support integration and unification and want to be identified with it? These are the people who really count for the future; these are the people along with the rank and file of Canada's armed forces, who are playing and who will continue to play a constructive and a useful role in Canada's future military history.

At this time I should like to read an article that appeared in the Ottawa *Journal* dated February 1, 1967. It is under the heading "Corporal" Hellyer Needled, and states:

> Defence Minister Hellyer got another needling in the commons Tuesday about the fact he was a lowly corporal during the second world war.
>
> On Monday Harold Winch (NDP-Vancouver East) said there was a story among the armed forces that the three main troublemakers in history all were corporals—Cpl. Napoleon, Cpl. Hitler and now Cpl. Hellyer.
>
> Gordon Churchill (PC-Winnipeg South Centre) spoke Tuesday supporting Mr. Winch. But as a first world war corporal himself, he maintained that those three were exceptions to the rule, that "corporals are the mainstay of the army".
>
> "I hope that because we have had some offenders like Napoleon, Hitler and Hellyer the rank of corporal will not be downgraded," he said.

Let me just add that I know a great number of corporals, and they are fine individuals.

[Mr. Hopkins.]

I will ignore the comparison with Hitler because such personal slams do not add anything to the decorum of this house. However while there are many characteristics about Napoleon that cannot be compared with similar characteristics of the minister, there are a couple that bear watching. History records the fact that Napoleon was the greatest military leader and organizer of his time. The morale of all his forces was high and every man performed his duties in a spirit of cooperation, never lacking the courage to accept challenge.

An hon. Member: Do not forget the battle of Waterloo.

Mr. Hopkins: I never thought I would see the day when the hon. member for Winnipeg South Centre (Mr. Churchill) would pay such a high tribute to the Minister of National Defence.

Mr. Churchill: If I paid him a tribute I retract it.

Mr. Hopkins: Furthermore it is interesting to note that personal admiration for Napoleon lives on even today, in the national spirit of France.

At this point I should like to quote once more from K. R. Patrick, O.B.E., C.D., president of Canadian Marigot Ltd. who said, as reported in his speech delivered to the Business Papers Editors Association, on January 25, 1967:

> I have listened to the chief of the defence staff, General Allard, and other senior officers in similar discussions with all ranks. The "face to face" contact with all ranks has produced a new kind of "esprit de corps", based on logic and an understandable purpose. During the last few months I have been invited to address a large number of officers and men to outline my views on the reorganization of the armed forces, and have submitted to hundreds of questions. I think it is fair to say my contact with the subject is fairly broad, current and first hand.
>
> From this experience I am convinced that the men and women of the armed forces accept the changes and regard them as progress. There are opponents to be sure, but I have yet to see any opposition based on anything other than emotional factors.
>
> This is the danger. To stop, or even slow down the process of this essential reorganization for "emotional reasons" would be tragic and expensive, a dreadful disservice to Canada, to the personnel in the armed forces and may even further postpone our hopes for international peace.

I am one of those members of this house who is proud to have a large military establishment in his constituency. I have heard many comments from personnel about the

omnibus bill brought to this house by the Associate Minister of National Defence (Mr. Cadieux) which allowed certain world war veterans to claim their years of war service in respect of over-all pension. This means that if they had joined up in 1942 they received credit for the three years between then and the end of the war. Many members of the armed forces have expressed their gratitude for the recent increase in pay and for the good pension retirement plans which have been introduced. One individual said to me just the other day that he now no longer feels like a second class citizen.

I have known many of Canada's armed forces personnel during the past few years and appreciate the opportunity to work for and represent them. Many of these people have served our country with dignity and honour in many areas of the world. We can all be proud of the great contribution our military personnel across Canada and abroad have made toward the building of an outstanding image for Canada at the international level.

At this time I should like to say to those members of this house who are veterans of the first and second world wars that I regard it as a privilege and an honour that younger Canadians like myself can be members of this house. Along with them and on behalf of the younger members of this house I want to express my appreciation for their efforts in the second world war which have guaranteed our right to serve, if we so desire and our fortunes are right, in the parliament of Canada.

As a result of this bill before us the same people are faced with change. No matter what type of change takes place in any society there is always some reaction. These men and women will meet this change in the same way they have met problems in the past—by getting on with the job.

• (8:40 p.m.)

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, at the outset of these remarks I must express my appreciation to the minister for his prompt attention to any inquiries I have directed to him. I have directed inquiries to him on occasion and have been very pleased with his attention to them. I also wish to express my appreciation to the associate minister. I have directed to him a number of complaints on behalf of personnel of the armed forces. I particularly wish to thank him for the trouble he has taken on occasion, and quite recently, with respect to inquiries that concerned the health of the armed forces and the peace of mind of all ex-servicemen. I appreciate the trouble he has taken.

I have listened with interest to this debate, particularly the views of those members of the Progressive Conservative party who have served with distinction in the armed forces. I have heard them called primitives on occasion, but I think it is only right to recognize these people. In this instance I am going to place on the record some of the achievements of my opponents to the right. The hon. member for Brandon-Souris (Mr. Dinsdale) was awarded the D.F.C.; the hon. member for York-Sunbury (Mr. MacRae), the M.C.; the hon. member for Edmonton West (Mr. Lambert) was in the Canadian army in the second world war; the hon. member for Winnipeg South Centre (Mr. Churchill) won the D.S.O. overseas and served in both the first and second world wars.

Some hon. Members: Hear, hear.

Mr. Herridge: I see the hon. member is blushing.

Mr. Churchill: It is a primitive blush.

Mr. Herridge: The hon. member for Queens (Mr. MacLean) served in the R.C.A.F. and was awarded the D.F.C.; the hon. member for Vegreville (Mr. Fane) won the M.C.; the hon. member for Calgary North (Mr. Harkness) won the George Cross and was a lieutenant colonel in the second world war. I wish to refer to the hon. member for Timmins (Mr. Martin) who went through the second world war and was a sergeant. He was one of those Canadian socialists who recognized the need to come to the support of Great Britain and France when those countries were fighting the greatest organized tyranny in world history.

On the whole, regardless of our differences of opinion, members of the opposition have presented their views forcibly but with respect for parliamentary procedure and the decorum of this house. However, as a member with 21 years service in this house and, as a matter of fact, the senior member of my party in terms of service in the house—this is the only opportunity I get to blow my own horn—

Some hon. Members: Hear, hear.

Mr. Herridge: —I wish to give the hon. member for Edmonton-Strathcona (Mr. Nugent) and the hon. member for Cape Breton South (Mr. MacInnis) a few kindly words of advice which I trust they will accept in the spirit in which they are given. The hon. member for Edmonton-Strathcona spoke with conviction, but I thought he was rather carried away on occasion by his own oratory when he pointedly indicated that the Minister of National Defence (Mr. Hellyer) was not telling the truth. I suggest he would have been just as effective, without transgressing the decorum of this house, if he had simply said, "The minister has just uttered a Hellyerological inexactitude."

With respect to the hon. member for Cape Breton South, I must say that the other evening I was not impressed with some of the language he used when he suggested the minister lacked so-and-so, and so on, and so on. I thought—and afterwards I found out that a number of people in the galleries had the same impression on that occasion—he could have made his point quite clearly, while observing the courtesies of this house, if he had simply said, "The area below the minister's thoracic cavity is a void."

This afternoon a Liberal backbencher spoke. I enjoyed listening to this young man who made his contribution to the debate. He quoted from a book written about General MacArthur which quoted General MacArthur as having said, "Men fight for their country." That is quite correct; but from my experience I have found that tradition, service, unit and regimental loyalties make it easier to fight for one's country on certain occasions. I happen to have served in the infantry; I did not have any of the glorified positions of some hon. members to my right. However, I found on a number of occasions this loyalty to the service, loyalty to the regiment, unit or platoon was a very great morale builder in times of stress and made it easier for men to fight for their country on such occasions. I trust the minister will understand that when he comes to the final application of the terms of this legislation.

I listened to the minister's speech delivered on December 7 last and have read many of his statements since. But I must say, in fairness, like many other hon. members on the opposition side of the house, that I am slightly confused as to the details of the policy the minister intends to pursue, as are a good many other Canadians at this time. A number of senior service personnel have taken objection to the policy outlined by the minister in his speech of December 7. Among them are General C. Vokes, who possibly had some change of heart and realized there were dangers in going too far with this question of unification. I have not found anybody opposed to integration, anything that will give us a more efficient fighting force and reduce expenses, and so on. But I have found, and I have talked to a good many members of the services, a great deal of concern as to what the minister means by unification. The terms "integration" and "unification" have to date not been properly defined in the opinion of those persons who are somewhat confused about this question.

General Simonds, General Lowen, Rear Admiral W. M. Landymore, and many other senior officers now retired have expressed their support for the integration of our forces but opposition to what they understand the minister intends to do with respect to unification. The Naval Officers Association of Canada, the Air Force Officers Association, the Tri-Service Identities Organization, and some of the cadets have expressed concern about the minister's proposals. I received a letter from a cadet just a few days ago who was writing on behalf of his cadet corps. He said, "On no account, Mr. Herridge, mention our names, because we daren't bite the hand that feeds us." I suppose they receive a grant to carry on the corps, and I can understand their feelings in this respect.

The Royal Canadian Legion took a most responsible stand when the Dominion secretary, Mr. Donald M. Thompson, wrote the Prime Minister (Mr. Pearson) on August 26 last. I will simply quote one paragraph from that letter, because I think they took a very fair point of view when they said:

> The Royal Canadian Legion is not interested in the partisan politics which appear to be developing in connection with this question. We are, however, deeply concerned about the question of the state and condition of our defence forces at any given time.

• (8:50 p.m.)

> It appears to us that sufficient thought and planning have not been given to the important questions of tradition, morale and *esprit de corps* or, if so, the members of Canada's forces and the public have certainly been kept in ignorance.
>
> The Royal Canadian Legion urges your government to make clear, without further delay, the detailed plans connected with the integration, and particularly the proposed unification, of the forces so that the judgments made by Canadian organizations and citizens will be based on frank and comprehensive official information and fact, not on rumour and supposition, as seems to be largely the case at the present time.

I thought that that was a very responsible approach to take to this very important question, not only to the members of this house but to the armed forces and to many persons in this country.

I support those who have asked the minister to refer this bill to the defence committee, in view of the fact that hon. members are required to vote on the principle of the bill. In my opinion this would provide an opportunity for all, whether they are for the principles of the bill or against them, to be heard and to give evidence. It will also provide an opportunity for a thorough analysis of what the minister intends to do. However, I may say that if by any chance the issue comes before the house, the members of this group will support it.

I do not intend to speak at great length, but I must say that I have always looked upon the defence policy as simply an extension of foreign policy. This house is entitled to a clear and unequivocal explanation of the relationship between the two.

Unfortunately in the last two or three years we have only been given the opportunity for quite short debates on external affairs, during which in some cases only the leaders and one or two other hon. members of the house from each party expressed their views. In view of the fact that this legislation has been brought in I hope we shall have, in the near future, a thorough going debate on the subject of external affairs when the opportunity is provided us, so that we shall be informed of the relationship which exists between external affairs and the role of our armed forces as envisaged in this bill.

Hon. members are entitled to be informed clearly of the future role that is to govern the organization and operation of Canada's armed forces. The situation will remain confused until the government indicates what is to be the purpose of the armed forces of Canada. We should be told whether Canadian forces are to perform in the peace keeping role or are intended to have a full combat capability, not only for the direct defence of Canada but in particular within the present strategy of the NATO and NORAD alliances. I think we should be given much more information on those questions than we have at the present time.

I support the representations of other members of this party who have spoken in this debate. I wish to emphasize that our party has taken a strong position with respect to the use of armed forces, and so that there will be no doubt as to where we stand I place on record the resolutions adopted by our national conventions. Our policy in this respect has been clear cut. In this as in many other fields, we are pioneers in policy. We shed the light along the paths which the government should follow, and we are only too pleased to do it. I have always been a humble person; that is the trouble with me. I have been inclined to hide my light under a bushel, but I cannot help it.

I wish to refer to the program which was adopted at our convention in Regina in August of 1963, and of course carried on at our last convention. This is what our program says with respect to NATO.

Mr. Pepin: Will the hon. member read it all?

Mr. Herridge: The minister suggests that I should read the whole Regina manifesto. I shall be only too pleased to send him a copy for bed time reading.

The following is part of the manifesto which I wish to quote:

> NATO has played its part in the maintenance of West European security. However, it has concentrated on a military role and has failed to adapt its policies to the growing importance of the economic and social front in the present world struggle. The New Democratic party believes that we should seek a reappraisal and change of NATO's policies and objectives.
>
> The New Democratic Party believes that the extension of nuclear weapons to any further states and alliances threatens disaster to the world. It therefore opposes Canada's troops being supplied with such weapons at home or abroad.
>
> At present, except for those nations which have independently developed atomic capacity, neither NATO itself nor its members individually possess or control nuclear warheads. Should they do so, Canada must make it clear that it cannot remain in the alliance. To relieve tensions, Canada should press for a demilitarized zone in central Europe and for the simultaneous disbandment of the Warsaw and NATO pacts.

I think that this policy has even been advocated by some members of the United States congress. This is the position of our party and our continued attitude with respect to this problem.

I will go on now to the question of NORAD. In this regard I wish to quote from page 51 of the N.D.P. program which reads as follows:

> It is questionable whether NORAD ever made any significant contribution to the defence of Canada and in any case it has outlived its usefulness.

I remember the time when the Minister of National Defence agreed with this wholeheartedly and made ringing speeches on the

matter in the house. I am sure that some hon. members remember that. The program goes on to read:

Furthermore, there is every danger that the Bomarcs will be equipped with nuclear warheads. The NORAD agreements should therefore be terminated.

That is the attitude of the New Democratic Party with respect to NORAD.

I put these two resolutions on the record so that there be no confusion whatever. As the years have gone by we have found that, having been pioneers in policy in all fields, both domestic and international, we have gathered support.

In this connection I want to quote briefly from the Vancouver *Province* of December 14, page 26.

Mr. McIntosh: Tell us what you believe.

Mr. Herridge: That would take a very long time indeed. As I was saying, I wish to quote from the Vancouver *Province* in which an article concerning this matter reads as follows:

Canada should consider dropping out of the North Atlantic Treaty Organization when the present treaty expires in 1969, says Howard Green, former external affairs minister.

NATO was formed by 13 nations to create a defensive alliance to prevent communist aggression, he said. But one of the few bright spots in the world situation today is a reduction of tensions in Europe and between the U.S. and Russia.

This has downgraded the position of many of the middle-power nations, including Canada, he said.

But there is still a very real threat of nuclear war, particularly if production of nuclear weapons spreads to a large number of smaller nations. "And once the first bomb falls, the whole world goes up."

Green recalled that during his term of office as external affairs minister from 1959 to 1963, there was a "terrible tension" between the U.S. and Russia.

"On one bleak Saturday night during the Cuban crisis, I was sure nuclear bombs would be falling by morning."

I am very pleased to be quoting Mr. Green because we served together in the same company in the first world war. However, recently we have discovered another ally following along the pioneering impulse of this group. In this connection I wish to quote the Nelson *Daily News* of December 18, 1966. It is entitled "Diefenbaker urges cut in Canada's force in Europe", and it reads:

Opposition Leader Diefenbaker has added his voice to the growing chorus seeking a Canadian troop reduction in Europe.

For the last year or more, a group within the Conservative parliamentary party led by Heber Smith, M.P. for Simcoe North, has been suggesting Canadian troop reductions in Europe, if not a complete withdrawal. Some Liberals are known to support this view privately.

I know some of them but I will not give their names away at the present time. It would not be fair. The article goes on to say:

Mr. Diefenbaker had not supported Mr. Smith's group, at least publicly, until he said in the commons December 19 that "Canada should give consideration to reducing the numbers of her forces on the continent of Europe" because of the easing of East-West tension and the preponderance of nuclear power in the U.S.

That shows that the Leader of the official Opposition is commencing to march in our direction, and we are very pleased to see that.

The question of remaining in the NORAD alliance is related closely with the type of force that we will build up in the future. I want to quote something in that connection because I agree with it. I will quote a statement made by the minister as reported in the Ottawa *Journal* of March 2, 1966:

• (9:00 p.m.)

NATO top heavy—Hellyer

Change is inevitable in NATO, Defence Minister Hellyer said Tuesday.

He told the Canadian Club it was time to take a hard look at the alliance and the form it should take in the next decade or two.

Mr. Hellyer said NATO is becoming "top heavy with headquarters and bureaucratic machinery." He cited what he called the "plethora" of military headquarters.

Mr. Hellyer suggested NATO could make savings of some $7,000 million annually on its present annual gross defence expenditures of $74,000 million.

He said such savings could be used for better weapons and equipment and for more aid to underdeveloped countries.

We are all for more aid to the underdeveloped countries. I am sure the minister was speaking from personal experience. We have to remember that some of this money that is being wasted is Canadian money, and even on those grounds alone we should give very serious consideration to this situation.

I have a list here of the costs of NATO, but I am not going to repeat them because I dealt with them before. A question which I asked was answered on July 6 last year, and I found out the cost of maintaining our forces in Europe. It is very heavy indeed. I think a good many people agree, under the circumstances that prevail at the present time, this cost is not justified and we would be well advised to use the money for other purposes. I feel we are on sound moral grounds and we are on sound financial grounds in urging the withdrawal from NATO and from the

NORAD alliance. Anyone who goes into these figures carefully must realize the immense amount of money that is going into this top-heavy bureaucratic organization which the minister says is wasting some $7,000 million annually on defence.

We support the policy of integration which, to us, appears sound and sensible. I have not heard anyone who has any interest in or knowledge of defence matters oppose integration. We believe it will remove duplication of services and unnecessary expenditures, and as a result provide greater efficiency in the operation of the armed forces. This would mean savings for the people of Canada.

However, Mr. Speaker, unification is a more complicated matter to resolve. Unfortunately, to date the minister has not defined this term. We have had no definition of what the minister means when he uses the terms "integration" and "unification". In my opinion, there is need for a basic and fundamental decision on the role of the Canadian armed forces in the future. Before we are going to understand this question properly, we have to have these terms defined. This has not been done so far to the satisfaction of members of this house, senior officers of the armed forces and a good many people interested in the subject. It is for that reason we urge that the bill be sent to the defence committee before second reading.

We believe the minister has been too dogmatic in introducing certain changes and new policies which could far better have been left to develop by themselves under the direction of competent officers and advisers in the natural course of events, to meet the circumstances that prevail in the world. Unification has produced nothing but confusion in the minds of the members of the armed forces and a great number of the civilian population in Canada.

In my opinion, the minister has created a great deal of misunderstanding himself, because he has failed to be frank with parliament, frank with the members of the armed forces or frank with the people of Canada with respect to what he actually proposes in this change in policy, what unification actually means. The members of this party believe that, under present world circumstances, the role of the armed forces in Canada should be in the first instance to protect Canada and her shores and, in the second instance, to provide a well trained, mobile force for peace keeping operations under the United Nations wherever and whenever required. We believe in that role we can, as a middle power, shall we say, or one of he lesser powers, make a contribution to peace in the future.

Mr. A. D. Hales (Wellington South): Mr. Speaker, there are many reasons for my participation in this debate on unification. One is, and I hope I will not be considered presumptuous in stating, that I represent the riding of Wellington South, and the new name of the riding will be Wellington. It is named after that great general, the Duke of Wellington, who defeated Napoleon at the Battle of Waterloo. I must remind the minister that the man who won that battle did not know about unification, nor has the country for which he fought ever brought about unification. Although they have considered it, they have never brought it about. Wellington won that battle with an army and a navy, but I think we can say that the man he defeated had unified forces because he fought a one-man battle.

There are, as I say, many reasons, of which the above is only one, for my speaking on this subject. That portion of Ontario from which I come has a great military history and a great tradition in the military field. As far back as 1837 we had a volunteer unit called the Wellington Rifles. In 1866 we had the 11th Field Regiment which celebrated its 100th anniversary just last year, and of which Hon. George Drew is honorary colonel. We have the 34th Battalion which was mobilized in 1915. As I say, this area has a great tradition and these units along with many others have brought honour and glory not only to themselves and to our county, but to the world in general.

When I think of unification I am reminded that all of this tradition will disappear. I am one of those who realize that we cannot live on tradition; we must have change. However, here is tradition that has been tried and tested down through the years by all the great military nations; yet here we are, a young nation, wanting to throw overboard this tried and tested tradition. I want to state at the outset that I believe in integration. I believe integration is very necessary in order to bring about efficiency of operations and curtailment of expenditures. We have proven the success of this approach in the medical field. As a matter of fact, it was the Conservative party that integrated the defence medical services. The padre services were integrated, and there has been integration in the purchasing and other branches of the Department of National Defence.

However, the fact that we have made a success of integration does not mean we should go one step further and go into unification by bringing all the forces into one unit. I am sure there are many who agree with me that there is only one answer, and that is an emphatic no. In my opinion there are many valid reasons for continuing to maintain separate units of the army, air force and navy. There have been many excellent reasons given, and wonderful speeches have been made on this very point.

Four reasons come to my mind, why we should keep the tri-services and I do not think they have been dwelt upon, at least not to any great extent in this debate. I would list them, Mr. Speaker. First, the constantly increasing need for military professionalism; second, the value of competition and a system of checks and balances; third, efficiency of management and, fourth, the intangible but real value of esprit de corps.

• (9:10 p.m.)

Let us look at them one by one. First, the question of professionalism. There was a time not too long ago when a soldier could move from infantry to artillery to calvary, and even to aviation, with a minimum of training. An airman could transfer quite readily from pursuit to observation to bombardment duty. Machines of war were relatively simple. Peacetime forces were small, and wide oceans provided time for mobilization in the event of an emergency.

All this has now changed, Mr. Speaker. We need professionals today. We have to maintain large and instantly readied combat forces which can be moved swiftly to any trouble spot on the globe, or meet an attack against this country with no more than a few minutes warning.

May I cite a little practical example where I think professionalism has proven its worth. In the medical field years ago there was the family practitioner, the general practitioner, who was able to handle all phases of sickness and disorder. As medicine and science progressed and drugs became more varied and more difficult to administer, there developed the professional, the specialist. Since the arrival of the specialist in the field of medicine we have been able to give better service to mankind.

So I think it is with the Department of National Defence. They need specialists, those who can look after this section or that section. I am sure that by unification we will not promote professionalism.

[Mr. Hales.]

Mr. Hellyer: You integrated the doctors, you have just said so.

Mr. Hales: The professional produced by the services is just as essential at the level of the joint staff, and department of defence staff, as they are in the field, in my humble opinion. Their expert advice is indispensable in planning strategy, deployment of forces and weapons requirements. So to sum up this point very briefly, Mr. Speaker, military professionals, military equipment, military doctrine and their ultimate expression, effective military forces, must be developed for each of these media of warfare—air, land and sea.

As to the second point, competition, I am one of those who believe that the existence of three services, the army, the air force and the navy, serves to create a feeling of competition among them. This has been the lifeblood of the Canadian forces. I think it has been proven that wherever competition is stifled it generally follows that the rate of progress declines. It does not matter whether it is the army or business: When you stifle competition, progress declines. Unification will be bound to stifle competition.

In the militia, competition engenders new ideas and forces everybody to examine critically the old and accepted ways of doing things. We would not suggest for a minute, Mr. Speaker—I do not think anyone here would suggest this—that Ford, Chrysler and General Motors should be merged into one to form a non-competitive giant in order to produce a better and cheaper automobile. Yet this is what we are suggesting for our forces. Such a thing is not done in business; it has been tested there.

I maintain, Mr. Speaker, that it is just as unlikely that a merger of our three military services into a single service would produce better military thought and performance. However there is one qualification here. Competition must be controlled so that it creates a positive contribution to the nation's defence. I believe there are adequate controls on inter-service competition which should be exercised by the Department of National Defence.

The Associate Minister of National Defence (Mr. Cadieux) in his speech indicated that competition was dangerous because we have already experienced some of the bitterness of inter-service rivalries. I do not think there is anything wrong with inter-service rivalry, inter-service bickering, or whatever you call it. We should remind ourselves that in this house where we are working for the good of the

country we are often involved in bickering with each other when discussing various subjects. On the college campus such debate would be called discussion, or in the Supreme Court it would be called deliberation. So what is wrong if the members of the three armed services deliberate, discuss or even bicker between one service and another? I think that is all to the good and should be so, and I would hate to see this principle done away with.

My third reason for retaining the three services is efficiency of management. I expect someone right off the bat will immediately ask: How could you have that in three services as opposed to one service? I should like to give one or two illustrations of this. The personnel strength of the armed services is something like 105,000 in uniform, with more than 40,000 civilian personnel. This constitutes one of the largest organizations of people in the country, exceeding that of General Motors by as much as six times. Yet General Motors, like every large corporation, has found it desirable to organize semi-autonomous, even competitive divisions for effective management and greater profit.

For example, General Motors built a separate plant within its own business to manufacture the differentials for its cars. It has set up other companies under the direction of the main company to build other parts for its cars. Why do they do this, Mr. Speaker? It is because they have found they have greater control, more effectiveness, and better financial results are produced by dividing their organization into component parts under the ownership of the main company. Yet what do we want to do with our defence forces? We want to put them all together and create one great conglomeration over which we will not have the control that we exercise today.

Let me cite another example, that of the Thomson-owned daily press in this country. I do not know how many papers Lord Thomson owns in Canada—perhaps 30 or 40 of them. But has he brought them all together and said that they must do this or that? Has he unified the press? No. He has integrated parts of it, such as the finances, head office costs and other items; but as far as the individual papers are concerned, whether in my area or anybody else's area in which Thomson daily papers circulate, the editor of the paper is allowed to run things in the way he sees best for the community. Business organizations do not believe in unification; why have it in our three armed services?

Finally there is the question of esprit de corps, the value of which all of us recognize. We know there must be a great spirit within each organization. If you do not have that, Mr. Speaker, you are lacking one of the greatest binding factors. Throughout history the majority of men have always functioned most effectively as members of an identifiable group; that is beyond dispute. Men fight better when they are identified as a particular group.

• (9:20 p.m.)

This is particularly true of the military profession in which certain values are held superior to life itself. The spirit of unity, of brotherhood, is enhanced by tradition, by pride in one's organization and by a distinctive uniform which is a mark of membership. Now we want to throw that away.

The value of esprit cannot be measured with precision. I realize that no price tag can be placed on it; yet we all recognize its intrinsic contribution in the quality of armed forces. It is the heart of the true fighting force.

Mr. Churchill: Hear, hear.

Mr. Hales: Our minister wants to throw all these things aside, to disregard them. He wants to move in the opposite direction to which the oldest military countries in the world have decided to go. The United States Congress repeatedly has opposed unification. In 1945 they considered unification for the first time in the United States; in 1948 Congress opposed it. In 1949 the Hoover commission recommended it, yet Congress opposed it. President Eisenhower suggested unification; when the matter went to Congress the answer was no; they opposed it, because congressmen represented the viewpoints of all American states. They debated-discussed it, and in line with the thinking of the people of the United States they said: No, we will have no part of unification. Yet our minister, in Canada, knows better than the congressmen of the United States. He wants to bring unification to Canadian armed services.

Let us look at Great Britain. What has Great Britain done about unification? She has studied it, given it careful thought, but here again they have opposed it. I have here a quotation from the Central Organization for Defence Paper of July, 1963, page A3, paragraph 10. This was published just three years ago, and this is what they say over there, in

summary, about whether they should adopt unification:

> The services must preserve their separate identities. In action they are increasingly interdependent. This interdependence must be expected to increase. Nevertheless all experience shows that the fighting spirit of the individual man in battle derives largely from his loyalty to his ship, his unit or his squadron. Services are an important vital factor in morale and fighting efficiency. This must be preserved.

That is what Great Britain says about unification. Yet our minister ignores the viewpoints of two tried and tested military powers of the world which have looked into the subject very carefully.

In a pre-election speech the minister said: "Sailors will always be sailors; soldiers will always be soldiers; airmen will always be airmen." I should like him to explain this. Let us take it to a committee where it could be explained. Maybe he could give us information there. How will sailors always be sailors? Let us consider these remarks of the associate minister as they appear at page 12537 of *Hansard*:

> This is the crux of the problem. From a single force containing land, sea and air elements—

I do not know whether he means sailors, soldiers or airmen. He refers to "elements". Continuing:

> —we must be in a position where we can detach the required portions necessary to fulfil a particular commitment. If the particular commitment requires a combination of land and sea elements,—

Again I think he means soldiers.

> —or land and tactical air elements, or just a land element we can provide this portion by detaching from the single force the strength and type of force required.

How in the name of goodness will you do this if you have unification? The minister said sailors will always be sailors, soldiers will be soldiers and airmen will be airmen. For the life of me I cannot understand this, and I am sure that thousands of Canadians do not understand it, either. They want to know more about unification, as we do. We want to move this to a committee where it can be studied in greater detail.

I say to the minister and his associate, "slow down and look". This matter is important for Canada. I, for one, can simply not see why we, as a young country would want to over-ride, to ignore what great military countries of the world have decided to do. The minister wants to rush into unification and do the opposite to the great military powers of the world.

[Mr. Hales.]

This concludes my remarks on unification along with the hope that the minister will send the bill to committee. I now move, seconded by the hon. member for Halifax (Mr. Forrestall):

> That all the words after "that" be struck out and the following substituted therefor:
>
> "The further consideration of Bill C-243 be deferred until the principle thereof has been examined by the standing committees on national defence and external affairs meeting together."

The Acting Speaker (Mr. Rinfret): Perhaps at this time I could ask for an expression of opinion from members of the house on the validity of this amendment.

Mr. Churchill: Mr. Speaker, I do not think the question of relevancy comes into the argument. If you will look at Beauchesne's Fourth Edition, page 396, under form No. 93, you will see the heading "On Second Reading". There are three methods of determining amendments on second reading, and you will notice that the first one reads as follows:

> The question being proposed "That Bill No. ..... intituled An Act ..... be now read a second time";
>
> Mr. ..... moves in amendment thereto, seconded by Mr. ....., that all the words after "That" in the said motion be struck out and the following substituted therefor:

This is the meat of the matter. I quote:

> The further consideration of this Bill be deferred until the principle thereof has,—

And this is the only portion where the present motion differs from the motion approved by Beauchesne. I read on:

> —by means of a Referendum, been submitted to and approved of by the electors of Canada.

That is the end of the quotation. That is a recognized form for moving an amendment on second reading. We are here suggesting the deferment of second reading until the bill has been examined by two committees sitting together.

The means by which it is done are immaterial. It is the deferment of the bill until that study has been made. The amendment is based directly upon the form approved by Beauchesne.

• (9:40 p.m.)

The house divided on the amendment (Mr. Hales) which was negatived on the following division:

YEAS

Messrs:

Alkenbrack	**Bigg**
Barnett	**Bower**
Beaulieu	**Brand**
Bell (Carleton)	**Cadieu**

Cantelon
Chatterton
Churchill
Clancy
Code
Crouse
Danforth
Dinsdale
Douglas
Enns
Fawcett
Flemming
Forbes
Forrestall
Fulton
Gilbert
Grills
Gundlock
Hales
Harkness
Herridge
Howe (Hamilton South)
Howe (Wellington-Huron)
Irvine
Jorgenson
Kennedy
Kindt
Knowles
Lambert
Lewis
Loney
MacEwan
MacInnis
(Cape Breton South)
MacLean (Queens)
McCleave
McIntosh
McKinley
McLelland
Mather
Monteith
Moore
More
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
Ormiston
Pascoe
Peters
Prittie
Pugh
Régimbal
Ricard
Scott (Victoria (Ont.))
Simpson
Smallwood
Southam
Starr
Stefanson
Thomas (Middlesex West)
Wadds (Mrs.)
Watson (Assiniboia)
Webb
Winkler—75.

NAYS

Messrs:

Allard
Allmand
Andras
Asselin
(Richmond-Wolfe)
Badanai
Batten
Béchard
Benson
Berger
Blouin
Cadieux
Cantin
Cardin
Chrétien
Clermont
Comtois
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Crossman
Davis
Deachman
Dionne
Drury
Ethier
Gauthier
Gendron
Godin
Gordon
Gray
Greene
Groos
Habel
Haidasz
Harley
Hellyer
Honey
Hopkins
Isabelle
Jamieson
Lachance
LaMarsh (Miss)
Laniel
Laprise
Latulippe
Laverdière
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lind
Loiselle
Macdonald (Rosedale)
MacEachen
Mackasey
McNulty
McWilliam
Marchand
Matte
Munro
O'Keefe
Olson
Orange
Patterson
Pelletier
Pennell
Pépin
Pickersgill
Pilon
Richard
Rinfret
Robichaud
Rochon
Roxburgh
Sharp
Simard
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thompson
Tremblay
Tucker
Walker
Watson (Chateauguay-Huntingdon-Laprairie)
Whelan
Winters—88.

• (10:20 p.m.)

Mr. Speaker: I declare the amendment lost.

Is the house ready for the main question?

Some hon. Members: On division.

Mr. Starr: No, no.

Mr. Speaker: Do I understand hon. members want me to call in the members?

Mr. Starr: Yes.

Mr. Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: It is the desire of the house to call the question immediately, without ringing the bells?

Some hon. Members: Agreed.

The house divided on the motion (Mr. Hellyer) which was agreed to on the following division:

YEAS

Messrs:

Allard
Allmand
Andras
Asselin
(Richmond-Wolfe)
Badanai
Barnett
Batten
Béchard
Benson
Berger
Blouin
Cadieux (Terrebonne)
Cantin
Cardin
Chrétien
Clermont
Comtois
Côté (Longueuil)
Côté (Nicolet-Yamaska)
Crossman
Davis
Deachman
Dionne
Douglas
Drury
Éthier
Fawcett
Gauthier
Gendron
Gilbert
Godin
Gordon
Gray
Greene
Groos
Habel
Haidasz

Division

Harley
Hellyer
Honey
Hopkins
Howe (Hamilton South)
Isabelle
Jamieson
Knowles
Lachance
LaMarsh (Miss)
Laniel
Laprise
Latulippe
Laverdière
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
Lewis
Lind
Loiselle
Macdonald (Rosedale)
MacEachen
Mackasey
McNulty
McWilliam
Marchand
Mather
Matte
Munro
O'Keefe
Olson
Orange
Patterson
Pelletier
Pennell
Pépin
Peters
Pickersgill
Pilon
Prittie
Richard
Rinfret
Robichaud
Rochon
Roxburgh
Sharp
Simard
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thompson
Tremblay
Tucker
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Winters—98.

NAYS

Messrs:

Alkenbrack
Beaulieu
Bell (Carleton)
Bigg
Bower
Brand
Cadieu (Meadow Lake)
Chatterton
Churchill
Clancy
Code
Crouse
Danforth
Dinsdale
Enns
Flemming
Forbes
Forrestall
Grills
Gundlock
Hales
Harkness
Howe (Wellington-Huron)
Irvine
Jorgenson
Kennedy
Kindt
Lambert
Loney
MacEwan
MacInnis (Cape Breton South)
MacLean (Queens)
McCleave
McIntosh
McKinley
McLelland
Monteith
Moore
More
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
Ormiston
Pascoe
Pugh
Régimbal
Ricard
Scott (Victoria (Ont.))
Simpson
Smallwood
Southam
Starr
Stefanson
Thomas (Middlesex West)
Wadds (Mrs.)
Watson (Assiniboia)
Webb
Winkler—62.

• (10:30 p.m.)

Mr. Speaker: I declare the motion carried.

Bill read the second time and referred to the standing committee on national defence.

[Mr. Speaker.]

Mr. Fulton: Mr. Speaker, I was paired with the hon. Minister of Labour (Mr. Nicholson). Had I voted, I would have voted against the motion.

Mr. Turner: Mr. Speaker, I was paired on both votes. On the first vote I would have voted against the amendment and on the second vote I would have voted for the motion.

Mr. MacDonald (Prince): Mr. Speaker, I was paired. Had I voted I would have voted yea and nay in that order.

Mr. Macquarrie: Mr. Speaker, I was paired with the hon. member for Essex East (Mr. Martin). Had I voted, I would have voted the same as the hon. member for Prince.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, would someone on the government side tell us what business we will be taking up tomorrow.

Mr. Pennell: Mr. Speaker, the first business will be item 121, second reading of Bill C-261, an Act to establish the Canada Deposit Insurance Corporation; then, item No. 62, house again in committee of the whole on Bill C-204, an Act to provide for the establishment of a Canadian Film Development Corporation; then item No. 116, house in committee of the whole on the resolution to introduce a measure to amend the Small Businesses Loans Act. Again, continuing in the same optimistic vein, we would consider item No. 120, second reading of Bill S-55, an act to provide relief in certain cases against loss or hardship suffered as a result of interruptions of normal postal services.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

ADMINISTRATION OF JUSTICE—ABSOLUTE PARDON FOR FIRST OFFENCE

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I want to re-read the question I put to the Minister of Justice and Attorney General (Mr. Cardin) last January 18:

Could the hon. minister tell us whether his department intends to exercise its prerogative of absolute pardon in the case of a person who has committed only one offence during his life?

In the few minutes at my disposal, I wish to put forward the main reasons which motivated my question.

At a conference on criminality, under the sponsorship of a Quebec welfare council, some outstanding experts on criminology agreed unanimously that, in some cases, a criminal record may stand in the way of rehabilitation.

The members of that panel were Messrs. Julien Chouinard, Yvan Migneault, Quebec's deputy minister of justice, as well as Messrs. Thomas Tremblay and Noël Dorion. Along side those distinguished lawyers were seen doctors, social workers, psychologists, probation officers, welfare officials, even police officers.

Last November 26 in *Le Soleil* one could read this:

> The chief justice of the Court of Sessions of the Peace, Mr. Thomas Tremblay, and a well-known criminal lawyer, Mr. Noël Dorion, deplored last night that the federal cabinet is no longer called upon to exercise its privilege of absolute pardon which makes it possible to erase completely the criminal record of a citizen who, for instance, has committed only one offence in his life.

At that conference, Mr. Dorion pointed out that as a Conservative member in Ottawa he had submitted a bill to destroy the record of an offender who had not committed any offence over a period of five years.

Since the hon. members of the time had boycotted his bill, his deduction was that only public opinion could conquer the inertia of certain members of parliament, when confronted with such important matters.

Mr. Yvan Migneault, Associate Deputy Minister of Justice, quoted a provision in our Criminal Code which, according to him, discourages rehabilitation completely; it is the section dealing with persons convicted of impaired driving. A $50 fine is the penalty for a first offence, but if there is a recurrence, the law provides for 14 days compulsory imprisonment; I submit that, instead of spending 14 days in jail, the man's driving licence should be suspended for two years.

Another section of the Criminal Code provides for imprisonment when a convicted person is unable to pay the fine; this measure was also labelled discriminatory by two members of the panel.

Mr. Dorion explained that a convicted person who could afford to pay a $50 fine, for example, did not have to go to jail, whereas a poor person could not get out of it.

In view of the opinion expressed by such distinguished lawyers and criminologists, I feel we can reasonably say that some of the laws in our present judicial system are archaic and outdated, and that it is high time for parliament to draft legislation which will eliminate all types of discrimination and place the emphasis on rehabilitation of the citizen who makes an unfortunate mistake, perhaps only once in his lifetime.

What are the views of the hon. minister in this respect?

[*English*]

• (10:40 p.m.)

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, on behalf of the Solicitor General (Mr. Pennell) I would like to say that pardons, as the hon. gentleman is aware, may be granted pursuant to the letters patent constituting the office of the Governor General, and under section 655 (2) of the Criminal Code.

By well established practice the advice tendered to the Governor General in regard to pardons is regarded as confidential and is not disclosed except in very exceptional circumstances. Every application for pardon is considered on its individual merits. Among other things, the age of the applicant at the time of the offence or offences, the nature of the offence or offences, the amount of time that has elapsed since the offence or offences were committed, and the subsequent conduct of the offender are taken into consideration. It may be of interest to the hon. member to know that the policy in respect of pardons generally is under consideration in the department at the present time.

[*Translation*]

NATIONAL FILM BOARD—FAILURE TO PRODUCE FILM ON CANADIAN CENTENNIAL

Mr. Gérald Laniel (Beauharnois-Salaberry): Mr. Speaker, when I put a question to the Secretary of State (Miss LaMarsh) last Friday, with regard to the National Film Board and the availability of recent films on the Canadian confederation, I knew beforehand that my question was not urgent as required under the standing orders of the house. However, since I find this lack inexcusable, I wanted to raise the matter right in the house in order to give more weight to my representations, in the hope that remedial action would be taken without delay.

Mr. Speaker, it is unthinkable, in my opinion, that in this very centennial year of confederation, the National Film Board authorities have failed to provide for one or several films on confederation and the Confederation Act.

That is why I suggest immediate measures should be taken to remedy the situation right away and to start production on some films of the Confederation pact, of Confederation, of preceding events of the development of our political system toward the federal system as well as of the British North America Act, its adoption and finally, of the various stages of the Confederation pact from 1867 to 1967.

Throughout the year, Mr. Speaker, it is hoped that the public will take part in civic, artistic and sports events to mark Canada's centennial. Should not, at the very basis of such activities, a fair programme of information have been initiated to make Canadians cognizant of their political system of the ties that bind them together and of the efforts made by our leaders to ensure the development of this association of citizens?

Of course, the National Film Board has some more or less recent documentaries on the Fathers of Confederation and on certain Canadian politicians. Furthermore, the Film Board has a number of film strips on our constitutional evolution and on our system of government at the federal, provincial and municipal level, but these are caricature films without handbooks or commentaries.

I think it would have been easy for the Film Board to prepare a program of film productions before centennial year, so as to make 16 mm. synchronized sound films available to the public, to schools, and even to members of parliament. Within the framework of an educational centennial year program, the Film Board could perhaps have prepared 30-minute films on the events which led to the signing of the British North America Act, covering perhaps the period from 1860 to 1867, as well as other films explaining the Canadian constitution, the political evolution which took place during the last hundred years, our parliamentary system in the country and perhaps particularly in Ottawa, the proceedings themselves, the responsibilities of the different levels of government, and, finally, the main events which occurred in Canada during these years.

Mr. Speaker, I do not mean to disparage the work of the National Film Board. I know it has prepared films which will be distributed across the country for centennial year. I wish to congratulate the Board particularly for its last production, called "Helicopter Canada", which allows us to travel clear across the country and to see our cities, our panoramas and our scenery.

I congratulate them in general for most of their contributions, and it is precisely because they deserve to be congratulated for the fine work they have accomplished that they should undertake today, or as soon as possible, the program I suggest.

I am sure, Mr. Speaker, that the member for Bonaventure (Mr. Béchard), in his capacity as parliamentary secretary to the Secretary of State, will make the necessary representations to the proper authorities, and I thank him warmly.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, after hearing on January 17 last the member for Beauharnois-Salaberry (Mr. Laniel) express his concern with regard to films which the National Film Board should have or should not have produced with regard to the centennial of Confederation and especially a certain reproduction of the ceremonies surrounding the signature of the confederative pact. After hearing the stirring words of my good friend of Beauharnois-Salaberry tonight, I must say that the government may be rightly proud of the enthusiasm of a member for one of the Quebec ridings most concerned with the celebrations, throughout the country, of the centennial of our Confederation, the success of which we are happy to celebrate this year.

• (10:50 p.m.)

However, Mr. Speaker, in order to do justice to the National Film Board and to the government of Canada, but more particularly to the National Film Board, it would be proper to point out to the worthy representative of Beauharnois-Salaberry, that to think of making a film about Confederation, about the signing of the confederative pact, was in itself a rather far-fetched and ambiguous idea since in 1867 the cinema industry was in its infancy.

It would also be proper to remind the hon. member that there is a series of five historical films on Canada, of 28 minutes each, intended for television, in French and in English, bearing the general title "Our History Makers". The five films are entitled as follows: Sir John A. Macdonald, The Fantastic

Intuition; Alexander Galt, The Unrepentant Idealist; George-Étienne Cartier, The Quebec Lion; Charles Tupper, the Magnanimous; and Louis-Hippolyte LaFontaine.

Moreover, it might be well to add that—

Mr. Deputy Speaker: Order. I am sorry I have to interrupt the hon. member but his time has expired.

Mr. Béchard: Mr. Speaker, allow me to add—

Mr. Deputy Speaker: Order. The time allotted the hon. member is over.

[*English*]

CANADIAN CENTENNIAL—SUGGESTED COMPLIMENTARY TRIPS TO EXPO FOR OLDER CANADIANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, two days ago, as recorded at page 12459 of *Hansard* for January 31, I asked the Secretary of State (Miss LaMarsh) a question in which I made the suggestion that the centennial commission might be asked to arrange for complimentary trips to Expo for Canadians 80 years of age and over. As hon. members will recall, the asking of my question seemed to attract a bit of banter. I did not mind this because it at least had the effect of drawing attention to my question. I am sorry that the Secretary of State cannot be here tonight, after the arrangements that were made in public, but she has extended her apology to me and has indicated that she is well represented by her parliamentary secretary.

I should like for just a moment or two, Mr. Speaker, to press the point I made by way of a suggestion two days ago. In this centennial year we are trying to honour our older people in a number of ways, but to a large extent the honours that we pay to them are quite formal. I think, for example, of the framed certificates that are being presented to those who are 100 years of age or over, and there are other ways in which tributes are being paid to our older Canadians.

It seems to me it would be a good idea to do something concrete for some of these people who have seen most of the century of our history, and have helped to build Canada into what it is today. It was for this reason I suggested that Canadians who are 80 years of age or over might be given a complimentary trip to Expo. Someone may say this would cost a lot of money. I suggest that a lot of money is being spent on travel in this centennial year. I think it is a good idea that young people and others are being facilitated in their travels about our country. But if we are finding it possible to help our younger people to travel, why not make it possible for older Canadians as well?

I realize that many people 80 years of age or over would not be able to make the trip because of their health or for other reasons. But surely some arrangements could be made for those who could make the trip to get to Expo to see what is going on there. I know that Expo is largely a case of emphasizing what is happening now, and what is going to happen in the future. There is therefore an emphasis on getting young people there to see it. However, do not our older people who have helped to bring this country to where it is today also have the right to see what may be ahead in Canada's second century? I recognize that the confederation train is being taken around the country so that people can see it in various parts of this land. In the main, when they see the train they see the history of the past. I think our older people are not only interested in the past, in the last 100 years, but they are interested in the next century as well.

In so far as Expo has been billed as a glimpse into the future, I think it would be a very fitting tribute for the country to make provision for as many as possible of our older people to see what is being put together in the St. Lawrence river at the city of Montreal. I hardly expect the parliamentary secretary to the Secretary of State to give the final answer to this suggestion tonight, but I trust he will at least indicate that his minister will be prepared to pass this suggestion on to the centennial commission, in the hope that the commission might give it favourable consideration.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I first want to express the regret and apology of the Secretary of State for not having been able to keep her date tonight with the hon. member for Winnipeg North Centre. In his question to the Secretary of State on January 31, as reported at page 12459 of *Hansard*, the hon. member asked:

> Mr. Speaker, I wish to address a question to the Secretary of State. If she decides to give me a one word answer, as she did to the hon. member for Winnipeg South, I hope it will be "yes" rather than "no".

The minister answered:

> I have to confess to the house that I have been waiting 40 years for the chance to say "yes" to a question, but this is not it.

Fortunately, Mr. Speaker, I too am not in a position tonight to answer "yes" in the sense used by the Secretary of State in her answer the other day.

[*Translation*]

Mr. Speaker, in short, the hon. Secretary of State (Miss LaMarsh) is quite sympathetic to the hon. member's suggestion so that our older people, 80 and over, may visit Expo '67.

However, I must say to the hon. member that no funds have been appropriated for that purpose in the budget of the trade and commerce department or the centennial commission, to organize such free trips for our old people, although the government would like to give to all the Canadian people the financial means to see that memorable and unique event for us, Canadians.

However, I shall be glad to pass on to the hon. Secretary of State the views of the hon. member for Winnipeg North Centre, which, I am convinced, meet the approval of every member, so that she may make the necessary representation to the centennial commission, even if it is a little late, in order to find out its views on the matter.

Before concluding my remarks, I should like to add that the old people who will be 68 and over during Expo '67, thanks to the policy of this government, will have more financial means to visit Expo '67 since this thoughtful government has granted them a $30 a month increase.

Motion agreed to and the house adjourned at 11 p.m.

HOUSE OF COMMONS

Friday, February 3, 1967

The house met at 11 a.m.

PUBLIC SERVICE

Sixth, seventh and eighth reports of special joint committee on the public service of Canada—Mr. Richard.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

WOMEN

ANNOUNCEMENT OF ESTABLISHMENT OF ROYAL COMMISSION TO STUDY STATUS

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to inform the house that the government has decided to establish a royal commission on the status of women. The chairman of the commission will be Mrs. John Bird. Other members of the commission will be announced when their appointments have been completed, which I hope will be over the week end.

The royal commission will be asked to inquire into and report on the status of women in Canada and to recommend what steps might be taken by the federal government to ensure their equality with men in all aspects of Canadian society. Its findings will, of course, have to take into account the division of legislative powers between the federal and provincial governments under the constitution.

The commissioners will be free to look into such matters as they feel are relevant, and in particular the following areas: Laws and practices under federal jurisdiction concerning the political rights of women; the present and potential role of women in the Canadian labour force, including the special problems of married women in employment and measures that might be taken under federal jurisdiction to help in meeting them; measures that might be taken under federal jurisdiction to permit the better use of the skills and education of women, including the special retraining requirements of married women who wish to re-enter professional or skilled employment; federal labour laws and regulations in their application to women; laws, practices and policies concerning the employment and promotion of women in the federal civil service, by federal crown corporations and by federal agencies; federal taxation pertaining to women; marriage and divorce; the position of women under the criminal law; and immigration and citizenship laws, policies and practices with respect to women.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to congratulate the right hon. Prime Minister on this announcement. I am extremely sorry that the hon. member for Vancouver-Kingsway (Mrs. MacInnis) is unavoidably absent today; I am sure she would have liked to offer her congratulations, because this is a subject which she has been pursuing for some time.

I think the government's decision to appoint this commission is most commendable. I am very glad to see that the influence of the Secretary of State has prevailed upon her male colleagues to take this very progressive step. We have not had an opportunity to examine the commission's terms of reference, but judging from the remarks the Prime Minister made they seemed to be fairly comprehensive.

I hope the terms of reference will spell out in particular the problems of working women and working mothers; the whole problem of nursery schools; the problem of women who have to hire baby sitters and housekeepers, and the enactment of laws enabling them to charge this as an income tax deduction. There are a great many problems in our modern society which women have to face today which were not common 10 or 20 years ago. I hope the terms of reference will be wide enough to allow a full investigation into the problems which confront modern working women in order that they may have fair treatment, equal to that of men in our society.

May I say to the Prime Minister that the selection of the personnel of this commission is extremely important, and I hope the government will keep in mind not only the professional women and the business executives but also membership on that commission of women who understand the point of view of women in the labour force and the particular problems which confront them at this time.

Inquiries of the Ministry

I am sure nothing but good can come from the investigation the Prime Minister has announced. I hope it will result in some legislation being presented to the house which will help to give women a status equal to that of men in our society.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I find it a very pleasant task indeed to comment on the announcement the Prime Minister just made. I want to make my remarks very brief, but I do not wish to let the hon. member for Burnaby-Coquitlam have the credit for being the only member on this side of the house interested in the rights of women.

I believe the announcement made by the Prime Minister will be welcomed not only by the women of Canada but by all Canadians, because I think it covers an area which has been neglected so far, namely the task of ensuring that the rights of mothers and of working women in this country are equitable in every respect.

I wish to say to the Prime Minister that I believe it is particularly necessary that this commission investigate both the federal and provincial laws to make sure they are applicable equally to men and women; and this applies also to the taxation laws which the hon. member for Burnaby-Coquitlam has already mentioned. I will just add that I think it is a good thing this action has been taken, and I believe nothing but good can come out of it. I commend the Prime Minister for making this decision.

EXTERNAL AFFAIRS

NORTH VIET NAM—COMPLAINT RESPECTING CANADIAN SALE OF ARMS TO U.S.

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State for External Affairs but in his absence I will direct it to the Prime Minister. Has the government of Canada as yet made any reply to the accusations of North Viet Nam concerning the sale of arms to the United States by this country?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the North Vietnamese government has not sent any protest to the international commission because the matter referred to, the alleged export of arms, is not a matter that comes within the ambit of the Geneva agreement. What was received by our commissioner was a communication addressed by the chief of the North Vietnamese liaison mission in charge of relations with the international commission, commenting upon and requesting clarification of Canadian policy as enunciated by me in this house on January 18 with respect to our relations with the United States on this matter. We are considering that communication, which was forwarded to us by the commissioner, and we hope to reply to it as soon as possible.

LABOUR CONDITIONS

AUTOMOBILE AGREEMENT—MEETING WITH UNION RESULTING FROM LAY-OFFS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of Industry. Yesterday he made reference to the fact that a meeting had been proposed by the United Auto Workers with the government regarding the Canada-United States auto agreement. In the absence of the Minister of Labour I want to ask him if there has been a protest from the United Automobile Workers because the meeting which is to take place among representatives of the union, the Minister of Labour, the Minister of Industry and the Minister of Manpower has been set for February 8 from 12.30 to 1 p.m. I believe the union is somewhat concerned about the short space of time which is being allotted for the discussion of this matter. I want to ask the minister if he does not consider that a matter of such great significance, affecting thousands of auto workers, ought to be given a greater length of time for discussion?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, representations were made by the United Automobile Workers to the Minister of Labour suggesting that perhaps rather than having the meeting from 12.30 to 1 p.m., it might start earlier following the presentation of the Congress brief to cabinet. I have not been able to communicate with the Minister of Labour in this regard, but I have every expectation the matter will be satisfactorily resolved.

Mr. Douglas: May I ask the minister if he can assure the house that some attempt will be made either to have a much longer meeting or to set aside another day next week when this matter can be gone into thoroughly because of the effect it has on the workers concerned?

Mr. Drury: I think the government is as interested as anyone in making sure that

adequate time is provided for an appropriate hearing of representations.

Mr. Douglas: Does the minister consider that to be half an hour?

Hon. Michael Starr (Ontario): In view of the headline in yesterday's Toronto *Daily Star* which reads "More Lay-offs Face General Motors Workers in Oshawa", will the minister not take this matter seriously and refer the auto pact to a standing committee of the house for consideration?

Mr. Speaker: I think the question is argumentative. When the hon. member asks if the matter will be considered seriously and referred to a committee, I suggest the question becomes argumentative.

Mr. Starr: He does not take it seriously; he will not even reply.

RESEARCH

REQUEST FOR INCREASED GRANTS FOR MEDICAL RESEARCH

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to ask the Minister of National Health and Welfare if his department has been advised by the Association of Canadian Medical Colleges that four or any other number of these colleges may lose their accreditation as the result of a lack of research facilities.

Hon. A. J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker, we have received no such information. The report upon which I believe this question is based is, in general terms, an inaccurate report.

[*Later:*]

Mr. Eric A. Winkler (Grey-Bruce): I have a question for the Prime Minister. I should like to ask the right hon. gentleman whether as part of the arrangements for centennial year a program will be announced or instituted for the support of medical research, particularly in the areas of heart disease and cancer research. I ask this question bearing in mind that the government came under fire from some of those attending the meeting which was held in the Chateau Laurier a couple of weeks ago.

Right Hon. L. B. Pearson (Prime Minister): I think when the hon. gentleman is in a position to look at the expenditures of the government which will be announced for the forthcoming year he will find that there is a considerable increase in the fund to be devoted to research generally, including medical research.

FARM MACHINERY

REPLIES FROM COMPANIES RESPECTING INCREASED PRICES

On the orders of the day:

Mr. H. W. Danforth (Kent (Ont.)): I should like to direct a question to the Minister of Agriculture. A short while ago, in answer to a question concerning a rise in the prices of farm machinery, the minister indicated quite rightly that he would not be in a position to answer until he had communicated with the major farm machinery companies. Is the minister in a position this morning to indicate to the house the average amount of the rise in machinery prices and the reasons given for this increase?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I have seen all the main companies involved in the business and I hope very shortly to have a report to give to the house in this regard, which will include an answer to the question asked by the hon. member.

Mr. Lawrence Watson (Assiniboia): A supplementary question. Could the minister table the replies he received to his inquiry about this increase from some of the machinery companies, and would he tell the house what he intends to do to hold down these price increases?

Mr. Greene: Mr. Speaker, I hope to embody an answer to the hon. member's question and to deal with the advisability of tabling the reports, if such is deemed to be the case, in my reply to the house.

FISHERIES

NEWFOUNDLAND—FEDERAL CONTRIBUTION TO MAINTENANCE OF STRANDED WHALE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In view of the efforts of the government of Newfoundland to save an 80-ton fin whale from starvation by paying up to $1,000 for herring to feed it, is it the intention of the federal Minister of Fisheries or his department to make any financial contribution toward feeding the whale and author Farley Mowat while he is looking after it?

Mr. Speaker: Order. I would not think this was a question of national urgency.

Inquiries of the Ministry

FINANCE

CANADIAN OWNERSHIP OF INDUSTRY—STATEMENT BY STUART KEATE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Prime Minister and arises out of the subject discussed here yesterday, namely the Prime Minister's speech concerning Canadian ownership of Canadian industry.

I was wondering whether the right hon. gentleman would care to comment on the statement made by or attributed to his good friend Mr. Stuart Keate, who has acted as adviser to the government, to the effect that Canada provides the best proof of United States integrity in international affairs and, in so saying, asserted that "it is true we have some economic nationalists but any country that can survive three wars, floods, rock slides and other natural disasters can survive Walter Gordon."

Right Hon. L. B. Pearson (Prime Minister): Mr. Keate is well known for his sense of humour, Mr. Speaker.

DIVORCE

APPOINTMENT OF COMMISSION ON WOMEN—EFFECT ON POSSIBLE LEGISLATION

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Prime Minister following his announcement about the royal commission on the status of women, and that the commission will study the question of marriage and divorce. Does this mean that any legislation concerning divorce will be put off until that commission reports?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. I think it would be quite undesirable to have terms of reference for a commission of this kind which did not include these matters. However, this does not mean that action cannot be taken before the commission completes its work.

NATURAL RESOURCES

OFFSHORE MINERAL RESOURCES—REFERENCE TO SUPREME COURT OF CANADA

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Justice. I should like to ask the minister whether he can inform the house when the supreme court will commence hearing argument on the reference of the constitutional jurisdiction over the resources of the continental shelf.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, I have been informed that the supreme court will hear argument on that question around March 6.

AGRICULTURE

MILK—INQUIRY AS TO NATIONAL SCHOOL POLICY

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Minister of Agriculture and arises out of the recent meeting of the dairy farmers of Canada and a recommendation they made. I wonder whether the minister could tell the house when some action might be taken toward the implementation of a national school milk policy for this country.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, as the hon. member knows, any question with respect to a national school milk policy would be a constitutional one. Schools and their operation are matters which come under provincial jurisdiction; hence the development of a national school milk policy would require provincial co-operation.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. I do realize that but I am wondering whether the minister, his department or his officials have given consideration to the possibility of having some federal-provincial consultations to effect a badly needed program of this type.

Mr. Greene: Mr. Speaker, I would be very happy to consider the hon. member's suggestion in this regard.

Mr. E. Nasserden (Rosthern): A supplementary question, Mr. Speaker. May I ask the Minister of Agriculture how many provinces he will discuss this matter with?

Mr. Speaker: Order. I wonder whether this question is urgent. I do not think a question asking how many provinces the Minister of Agriculture will discuss a certain problem with is urgent.

Mr. Nasserden: Mr. Speaker, I think it is a fair question to ask, as the minister has said that consultation is necessary before anything can be done because of the constitutional question involved, and the pledges made to

the Canadian people during election campaigns regarding this matter.

Mr. Speaker: Order, please.

Mr. Nasserden: I have a supplementary question for the Minister of National Health and Welfare. Has he discussed with the provincial ministers of health a national school milk policy?

Hon. A. J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker.

POST OFFICE DEPARTMENT

SUGGESTED CENTENNIAL STAMP HONOURING SIR JOHN A. MACDONALD

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is directed to the Postmaster General. On January 11, Sir John A. Macdonald's birthday, the department issued a commemorative postage stamp which did not refer to the first prime minister. In response to my question the Postmaster General said the suggestion to issue a commemorative stamp for Canada's first prime minister would be taken under consideration. We now notice that a new series of centennial regular issue postage stamps will go on sale on February 8. On them I find no reference to Sir John A. Macdonald, and I am rather surprised that Canada should advertise the Alaska highway in this way. I still would have some satisfaction in advertising Sir John A. Macdonald.

Mr. Speaker: I am still waiting for the question.

ADMINISTRATION OF JUSTICE

REQUEST FOR EXERCISE OF CLEMENCY DURING ROYAL VISIT

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, my question is directed to the Solicitor General and relates to the coming visit of Her Majesty and Prince Philip. I ask the Solicitor General whether the government intends to grant amnesty, to remit time of inmates of federal penitentiaries, as has been done in past years.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, yesterday the hon. member for Trois-Rivières raised the same question and I advised the house I would take notice of it. I must reply in the same way to the hon. member for Skeena.

Mr. Howard: A supplementary question, Mr. Speaker. Does the minister not recall that long before the Christmas recess he gave us the same answer?

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): My question is for the Prime Minister. During centennial year, when we shall appropriately emphasize Canada's history and traditions, including heroism and sacrifice in wartime, has the Prime Minister arranged for a suitable ceremony to commemorate his approval of the plan to destroy the identity of the Royal Canadian Navy?

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

VIET NAM—REQUESTS FOR AID TO WAR VICTIMS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I wonder if the Prime Minister has a reply today to my question of yesterday about the Quakers and their request for financial assistance.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I looked into the question after I left the house yesterday. I believe the reply will be completed over the week end and I hope to make it available on Monday, or at the latest on Tuesday.

TRADE

FRUIT—REQUEST FOR TARIFF ON IMPORTS FROM U.S.

On the orders of the day:

Hon. Michael Starr (Ontario): At the beginning of the week I asked the Prime Minister about the position the fruit growers find themselves in. I asked whether action was being taken, based on the Prime Minister's promise last fall in Hamilton, whether higher tariffs were being considered to protect the fruit industry in Canada. Has the Prime Minister an answer?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I referred that matter to the minister concerned but not in the context of anything I said last autumn. I will check with him about the reply.

Inquiries of the Ministry

AIR POLLUTION

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Prime Minister. Considering that President Johnson has asked the United States congress to pass an "Air Quality Act of 1967", and considering that the atmosphere of our two countries is indivisible, is the government considering bringing in legislation this year, in order that Canada might participate in the campaign to eliminate air pollution?

Right Hon. L. B. Pearson (Prime Minister): I will be very glad to look into that question, Mr. Speaker.

AGRICULTURE

SUGAR BEETS—INQUIRY AS TO SUPPORT PRICE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I have a question for the Minister of Agriculture. A short time ago the minister said he hoped to announce by February, the support price for sugar beets for the 1967 year. May I ask the minister whether he has an announcement to make in this regard and, if not, when he will be in a position to make this announcement?

Hon. J. J. Greene (Minister of Agriculture): We hope to make this announcement soon.

RECOMMENDATION RESPECTING PERMANENT MORTGAGE PLAN FOR DAIRY FARMS

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): I have a question for the Minister of Agriculture. At a recent meeting of the Canadian Federation of Agriculture held in Winnipeg it was brought to the attention of the minister that Canada might soon face a serious shortage of dairy products. Has the minister given consideration to the suggestion by the dairy farmers that a permanent mortgage plan be established to perpetuate the dairy farm operation by enabling it to be handed down from father to son?

Hon. J. J. Greene (Minister of Agriculture): All recommendations from the Dairy Farmers of Canada will certainly be given serious consideration by the government in formulating dairy policy for the ensuing year.

Mr. E. Nasserden (Rosthern): Is it not true that the government's present dairy policy represents a permanent mortgage plan as far as dairy farmers are concerned?

Mr. Speaker: Order, please.

CANADIAN CENTENNIAL

REPORT OF YOUTH COUNCIL ON PROPOSED YOUTH SEMINAR

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I wish to address a question to the Secretary of State with reference to the youth parliament project for centennial year. Since an ad hoc committee of the house strongly recommended such a project, and since time is getting along, may I ask whether the hon. lady has received the expected report from the youth council and whether, if there is to be a long delay, the government intends to proceed with a youth project this year?

Hon. Judy V. LaMarsh (Secretary of State): I promised members of the house that I would call the ad hoc committee together. My parliamentary secretary has been engaged in the broadcasting committee somewhat intensively, but I expect a meeting will take place some time next week.

Mr. Douglas: Has the minister a report from the youth council to put before the ad hoc committee or some further recommendation with reference to a youth parliament or some other youth project?

Miss LaMarsh: No. We have had an application from a youth group and this will be considered by the ad hoc committee; it has not yet been considered by the government.

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Frank Howard (Skeena): Apropos of today's announcement that there is to be a royal commission on the rights and status of women, I wonder if I may ask the Minister of Transport what has happened to the long lost report of the royal commission on pilotage.

Hon J. W. Pickersgill (Minister of Transport): One of the hon. member's colleagues, the hon. member for New Westminster, asked that question yesterday and the answer is the same today as it was yesterday. The hon. member may not have noticed.

EXPO '67

REQUEST FOR MORTGAGE ASSISTANCE FOR MOTEL CONSTRUCTION

On the orders of the day:

Mr. R.-E. Régimbal (Argenteuil-Deux-Montagnes): In the absence of the Minister of Labour who is responsible for C.M.H.C., and of the Minister of Trade and Commerce who is responsible for Expo, I should like to address my question to the Prime Minister. In view of the fact that several projects for the building of motels on the south shore of the St. Lawrence opposite Montreal cannot be completed because of lack of mortgage funds, thereby depriving visitors to Expo of millions of bed nights of accommodation, does the government intend to take any action to relieve the situation?

Mr. Speaker: Order. I think this would be a very interesting topic for discussion at ten o'clock.

FINANCE

MERCANTILE BANK—POSSIBLE CHANGE IN BANK ACT PROVISIONS

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to address a question to the Minister of Finance and ask him whether the government is contemplating any change in the restrictive legislation relating to the Mercantile Bank as a result of the changed attitude referred to by the minister in evidence before the committee yesterday. May I also ask in what circumstances the government would consider changing the present restrictive clauses in the Bank Act.

Hon. Mitchell Sharp (Minister of Finance): I have been engaged in an interesting discussion—

Mr. Speaker: Order. I am sure the hon. gentleman will recognize that this matter is now before the committee. I do not think this question should be accepted.

Mr. Starr: Then I will ask another question. Would the minister recommend the purchase of Mercantile shares to prospective speculators?

Some hon. Members: Oh, oh.

POWER

PROPOSED TEST CONNECTING U.S. AND CANADIAN SYSTEMS

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): My question is also addressed to the Minister of Finance. In the event that the test to be held on February 7, interconnecting the major power systems in the eastern and western United States and in Canada, is successful, does the government intend to make this massive grid permanent?

Mr. Speaker: Order. The question is obviously hypothetical.

NATIONAL DEFENCE

MAINTENANCE OF CIVILIAN CONTROL OVER ARMED FORCES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): My question is for the Minister of National Defence. During his term of office has there been a deliberately planned coup by the senior officers of the armed services or by any one of those officers to supersede civilian control?

Mr. Speaker: Order. Even if the minister is anxious to reply to the question I doubt whether it is acceptable. It is certainly not an urgent question, if the hon. gentleman is referring to things which have happened; and for that reason at least I do not see that it can be accepted.

Hon. Paul Hellyer (Minister of National Defence): On a question of privilege—

Mr. Speaker: The question has been ruled out of order but if the minister wishes to rise on a question of privilege he has the right to do so.

Mr. Hellyer: The only coup I know of is the one which was so well planned and executed by the hon. gentleman last night.

Mr. Speaker: Obviously the answer given by the minister by way of the question of privilege indicates that I was right in the first instance.

Mr. Churchill: I should like to raise a point of order, Mr. Speaker. You ruled my question out of order as not being urgent, or not being serious. I cannot think of anything more serious. I was referring to a statement which was

made by the minister on January 31; and if there is any question in this country of any attempted coup by the military, in the past or in the present, to supersede civilian control, it would warrant not only investigation by this house but perhaps investigation by a royal commission. I wonder whether on reflection Your Honour would not permit my question to be considered.

Mr. Speaker: I certainly could not prevent the hon. gentleman from asking the question, but I can still say it is out of order.

WOMEN

INQUIRY AS TO PERSONNEL OF ROYAL COMMISSION

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): A brief question to the Prime Minister arising from my continuing interest in the fair sex. I should like to ask whether there will be any male appointments to the royal commission he mentioned earlier.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we would like this to be a mixed commission and if the hon. gentleman would like to give up his seat and participate he would be an admirable commissioner.

LABOUR CONDITIONS

GERALDTON, ONT.—WAIVING OF WAITING PERIOD FOR MOBILITY GRANTS

On the orders of the day:

Mr. R. K. Andras (Port Arthur): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. So there may be no doubt arising from the exchange between him and another hon. member as recorded at page 12556 of yesterday's *Hansard*, will the minister confirm that the four month waiting period for mobility grants will be waived for employees laid off as a result of the gold mine closing in Geraldton, Ontario?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, the general policy remains the same. That means that normally workers have to wait for a four month period before obtaining these grants, but in the case of the mine at Geraldton it was decided that this period would be waived.

[Mr. Churchill.]

BUSINESS OF THE HOUSE

INQUIRY AS TO TABLING OF ESTIMATES FOR 1967-68

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the number of times we have been told that certain questions will be answered when we learn about next year's expenditures, could the Minister of Finance or the President of the Treasury Board tell us when the estimates for 1967-68 will be tabled?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): If the present session is completed by March 10, as is hoped, I will table the estimates immediately the new session opens. If not, I am aiming for a date around March 13.

COMMITTEE CONSIDERATION OF ARMED FORCES UNIFICATION BILL

On the orders of the day:

Mr. J. M. Forrestall (Halifax): I wish to direct a question to the Minister of National Defence and ask him whether he can tell the house when he intends bringing before the standing committee on defence the measure which received second reading last evening?

Hon. Paul Hellyer (Minister of National Defence): This is a matter which is entirely within the purview of the chairman of the committee and the committee itself. It was referred to the committee last night immediately after second reading, as the hon. member knows, and I hope the committee can begin meeting early next week.

PROVISION FOR CONSIDERATION OF PRIVATE MEMBERS' BILLS

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, my question to all intents and purposes is a point of order and can be addressed to the Prime Minister. In view of the large number of public bills sponsored by private members now on the order paper, some 164 in all, and in view of the fact that some of them have been on the order paper since the opening of the session last year, may I ask if the government is interested in finding a way to provide time for discussions of these bills, or will it tell members that the procedure of putting private bills on the order paper is no longer of use? I might mention that I have a bill on the order paper which was No. 18 or No. 24 on the list when first introduced, and now stands at No. 13.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the house rules are in existence and cannot be changed except by agreement in parliament. However, I would hope that when the committee to deal with the rules and procedures is set up next week this is one matter that will be high on its agenda.

CANADA DEPOSIT INSURANCE CORPORATION

AUTHORIZATION FOR ESTABLISHMENT OF CORPORATIONS, MAKING OF LOANS, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved the second reading of Bill No. C-261, to establish the Canada Deposit Insurance Corporation.

He said: Mr. Speaker, as I mentioned when moving the resolution preceding this bill, events have made it desirable to move more quickly than was originally intended. The government now feels that it is most desirable to proceed with this legislation at once and, after approval, to proclaim the Canada Deposit Insurance Act with the least possible delay.

It would be undesirable for federal institutions to be insured earlier than insurance would be available to provincial institutions. To expedite making insurance available to provincial institutions it is contemplated that the deposit insurance corporation would be prepared to cover all the existing deposit accepting trust and loan companies of a province if the province concerned so requested, even before the corporation has made an examination into the affairs of the individual companies and ascertained if they were eligible for insurance.

The provinces will be expected in return to enter into appropriate financial arrangements to ensure that any losses which occur as a result of the deposit insurance scheme having become effective prior to inspection will not become the obligation of those institutions which are in a sound position and are contributing to the deposit insurance fund. This would simply be a recognition by the provinces of their responsibility for provincially incorporated institutions prior to the applicability of federal deposit insurance.

It is not our intention in any event, Mr. Speaker, to insist on uniform national standards as a prerequisite to entry into the insurance plan, but to work toward higher minimum standards over a reasonable period of time with institutions which have the desire and capacity to improve their financial standing.

I realize that by going ahead at once on this proposal we will not have as full consultation with the provinces before the legislation comes into effect as we had originally hoped to have. It is not intended that passage of the legislation will close the door to further discussion with the provinces, and I will continue to give serious consideration to any suggestions that may be made. However, in the light of the views that have been expressed in the house and in the committee which is considering the bank bills, the government has reached the conclusion that we should not delay the availability of deposit insurance while further discussions with the provinces proceed.

There are three major objectives for the proposed system of deposit insurance. The primary objective, of course, is to ensure the safety of the deposits of small investors who are usually not in a position to judge for themselves the financial soundness of the constitutions to which they entrust their savings.

Second, the Canada Deposit Insurance Corporation will also have power to function as a lender of last resort for deposit accepting institutions, providing needed liquidity at times of crisis when such institutions may not have access to their normal sources of liquidity.

Third, member institutions will be subject to inspection. It will be an objective to bring about a gradual improvement in the minimum financial standards of deposit acceptance institutions across the country. There will be a genuinely sympathetic and helpful attitude toward institutions which wish to cooperate in this objective.

Membership in the deposit insurance plan will be obligatory for chartered banks, Quebec savings banks and those federal trust and loan companies which accept deposits from the public. Provincially incorporated trust and loan companies which accept deposits from the public will be eligible to apply for membership if they have the consent of the province concerned.

It is not proposed that deposit insurance be available to credit unions and Caisses Populaires, which are co-operative institutions dealing with their members rather than public deposit accepting institutions. To a considerable extent mutual insurance schemes have already been established for the local credit unions. At the federal level there is the Co-operative Credit Associations Act, which provides for the incorporation by special act of the parliament of Canada of co-operative credit societies.

Amendments to the Co-operative Credit Associations Act are presently under consideration. Among the matters that will be reviewed is whether a lender of last resort facility is needed in connection with the operation of these societies. As I have already mentioned in the house, I have asked my departmental officials to look at the more general questions surrounding the adequacy of the control that now exists in the field of finance companies, and I have indicated that we are willing to confer with the provinces on this matter if they so wish.

Except in the matter of the maximum size of deposit to be insured, namely $20,000, it has been thought best to leave some room for flexibility in the definition of insurable deposits. It is proposed, therefore, to define the kinds of deposits eligible for insurance under the by-laws of the corporation which will require the approval of the governor in council. All the usual kinds of savings and current deposit accounts will be insured. In addition, it is the intention to include special forms of term and notice deposits and deposit-like instruments which are issued by some institutions.

It may be desirable to ensure a clear, public understanding of what is insured and what is not insured by bringing about some clarification in the names used to describe certain deposit instruments. But so far as the existing situation is concerned, the intention is to go as far as possible to make insurance available for all types of deposits and deposit-like instruments provided only that they are not instruments clearly in the category of securities rather than deposits.

• (11:50 a.m.)

It is expected that the greatest need for the lender of last resort function of the deposit insurance corporation is likely to arise in relation to the demand or quite short term deposits of insured institutions. To the extent to which the liabilities of financial institutions are of a long term character, given good management they should be able to protect themselves by holding an appropriate distribution of assets. However, in the case of institutions with very short term liabilities, it is difficult for them both to make any profit on their operations and to keep enough short term assets to protect themselves against all emergencies. Even if they maintain high standards of financial management, events taking place elsewhere in the financial system, perhaps outside Canada, can have repercussions that produce serious liquidity problems for them.

Turning now to specific measures involved in the proposal to establish the Canada Deposit Insurance Corporation, I shall just mention the major features.

First, it is proposed to establish a new crown corporation to be called the Canada Deposit Insurance Corporation. It will be under the management of a board of five directors, including a chairman of proven financial experience from outside the public service to be appointed by governor in council. The other four directors will be the governor of the Bank of Canada, the deputy minister of finance, the superintendent of insurance and the inspector general of banks.

Second, parliament is asked to provide the $10 million share capital of the corporation, and a deposit insurance fund will be built up out of premiums of one thirtieth of one per cent per annum on the insured deposits of member institutions. When the fund has reached adequate proportions it is provided that the rate of premiums may be reduced under certain circumstances.

Third, the corporation will invest its share capital and the deposit insurance fund in securities of the government of Canada. Earnings on these investments will be available to meet operating expenses and, if there is sufficient net income, to pay dividends on its share capital.

Fourth, to enable the corporation to act as lender of last resort to its members in case of need, either by lending on the security of members' assets or purchasing such assets when that is appropriate, the government will be authorized to make advances to the corporation up to a total of $500 million. Any such advances would be expected to be repaid by the corporation from recoveries of the assistance provided to its members or from the deposit insurance fund.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, several days ago we had a relatively short debate at the resolution stage of this legislative measure which concluded with a lot of pushing and prodding of the government by the opposition. The government had not made up its mind, as it indicates it has now, that this bill should be brought on at this stage and referred to a committee. As a matter of fact the original idea was that following the resolution stage the bill would be introduced so the people concerned and the public would have an opportunity to study

the matter before it was dealt with at the next session.

Intervening events very often alter circumstances and intentions. As a result of the public outcry in respect of the Prudential Finance situation the government has decided this measure should be pushed through at this time. The government's embarrassment and the haste with which it is approaching this matter now bodes no good for this scheme.

Let me refer the minister to a discussion we had yesterday during a meeting of the committee on finance, trade and economic affairs in respect of the reason the deposit insurance scheme should be brought forward. On reflection I am more amazed at the government's attitude in this regard in relying on the deposit insurance scheme to solve certain financial problems. In fact the minister stated that this scheme was an interim or intermediate step in respect of control of near banks. This step has been advocated by the Porter royal commission and by all interested parties for some considerable time.

The government's action in this regard is very crab-like, and frankly I must confess amazement over the convolutions the government has gone through regarding the Bank Act and this related bill. The government has had plenty of time to determine what should be the nature of a new bank act. It brought forward Bill C-102, which was completely unacceptable, and the occurrence of an election ended the possibility of any consideration of that bill in the house. We now have Bill C-222 and Bill C-261 which represent what the government deems should be done in respect of the recommendations of the Porter commission.

I cannot agree with the minister's refusal to define banking when he will not agree to put banks and those engaged in banking practices under the legitimate umbrella of federal government control where they belong, according to the constitution, which refers to banking, currency and interest. I do not agree that it would be impossible to draft a new act to cover chartered banks in one part, near banks in another, and set standards, examinations and controls with respect to each of them.

The result of deposit insurance insofar as federally incorporated institutions are concerned is to doubly put them under the control of the inspector general of bank or the superintendent of insurance. This will just put more icing on the cake. These institutions do not require deposit insurance, and they are already subject to a degree of federal inspection and control which is satisfactory to the public.

The problem we are trying to solve does not involve insuring of the deposits of banks, near banks and financial institutions, particularly those under provincial charter, but rather the inspection and control of those engaged in banking practices. It must first of all be recognized that no system of insurance by itself can provide a guarantee or safeguard in respect of public deposits in financial institutions. The most effective safeguard is sound management backed up by government supervison and inspection. In addition there is the safeguard which results from control exercised by national and international authorities. These authorities can take certain measures to prevent catastrophic economic declines.

We in Canada have had a great deal of experience in respect of sound management and supervision in our banking system. The supervision goes back to the 1920's following the Home Bank debacle. Since then there has been no question about the safety of bank deposits. However, the events of the past three or four years have raised an increasing number of questions with respect to the position of public deposits in institutions that come under a system of supervision and inspection that has yet to prove its worth. These institutions are not subject to proper supervision and inspection.

• (12 noon)

What is the answer on the part of the government? It is deposit insurance. The government has gone to the United States to borrow an idea which came about as a result of entirely different conditions. Frankly, there is no real parallel in the situation which led to the establishment of a deposit insurance system in the United States and that which may exist in Canada in the future.

Briefly recapitulating history, we know that in 1933 there were nearly 17,800 commercial banks in operation in the United States, with an almost equal number of non-bank savings institutions. Those of us who have reached a certain age remember the banking holiday in March, 1933, in that country. We know that all their commercial banks were closed, and after the banking holiday only some 12,000 were licensed to reopen for business. Of the remaining 5,000 I gather that some 3,000 were eventually reopened, but over 2,000 were liquidated or consolidated with other banks. In short, the United States system of deposit

insurance was established in conditions of extreme crisis in the banking and financial system as a whole. There can be no doubt that in this situation the system helped restore a public confidence that had been buffeted and was confused. That system was also designed to provide a longer run answer to the problems of successive bank failures and of the destructive runs on banks that had afflicted the decentralized unit-banking system of the United States for most of its previous history.

Again, Mr. Speaker, I would point out that there is a difference between the United States and its decentralized unit system of banking and Canada's more centralized and concentrated branch banking system. The Americans had to bring some degree of uniformity to different classes of banks, some of them members of the federal reserve system but most of them non-member banks. An examination of the United States experience will reveal that the crucial element in the operation of the insurance system over the past three decades has been the effective enforcement of standard supervision and inspection over the thousands of deposit taking institutions of all types and sizes that operate in that country.

In Canada no one can assert with any justification that the federally supervised institutions are under a deficient system of supervision. Rather it is those institutions which have been provincially incorporated and operate in a vacuum. I can say nothing better for them than that they operate in a vacuum, because the standards of supervision vary so much.

Under those circumstances, in the government's desire to provide for insurance I find it somewhat strange, as I did at the resolution stage, that there should be an insistence that it be mandatory that the federally supervised institutions shall have deposit insurance. There is no question about it in the bill. But in respect of those who require the insurance, those whose supervision it is essential be upgraded, their participation will be voluntary; and worst of all—and this is where this bill is absolutely incomprehensible—it shall be with the consent of the province that incorporated the institution. This to me is a negation of the constitutional obligation of the government of Canada to have exclusive jurisdiction over banking, currency and interest.

All I can say is that the government is endeavouring to buy some political peace at the expense of enshrining in a statute in the most permanent form some theory of the

[Mr. Lambert.]

right of a province to have a say with regard to banking. This provision is in the bill —"with the consent of the province". In the matter of banking, currency and interest it is clear in the constitution that the exclusive jurisdiction lies with the government of Canada. It is up to those who assert the contrary to show that this jurisdiction is not exclusive. They must assert their own jurisdiction, because jurisdiction in banking cannot exist in a vacuum. Therefore I cannot see why this feature has been introduced into the bill.

Yesterday during discussion in the committee the minister expressed the opinion that it was difficult to define the business of banking. But in this particular bill we have bumped up against much the same sort of thing. We will have the problem of deciding which are deposit taking institutions. There are many ways of defining banking without inhibiting the growth and evolution of that system, and I hope on the appropriate occasion to put forward such a definition.

We will have the problem of defining a deposit taking institution. Why it could not have been assumed in the Bank Act is something about which one must speculate. The bill proposes that this insurance shall be at a flat rate, and therefore denies one of the fundamental principles of insurance; there is no question of risk being a determinant of the rate of insurance.

• (12:10 p.m.)

Therefore I can flatly state that I think our chartered banks and the major near banks will be made to serve as the milk cows for this scheme. For some of the banks this may mean an expenditure of about $4.5 to $5 million a year. Who will pay for that? It can be said that they have customers and that this charge will be passed on. I do not think one can legitimately insist that the banks should assume this charge. The service is being provided to the customers; therefore it is they who should assume the charge.

In so far as the small institutions are concerned, the requirement that a minimum of $500 or one thirtieth of one per cent of a deposit within a limit of $20,000 per account be assessed each member institution—and it is not per depositor but per account—means that this institution will have to have minimum deposits of $1.5 million or the rate of one thirtieth of one per cent will not be applicable.

During the resolution stage I made representations to the effect that those institutions wishing to become insured members of the corporation should be given the privilege of working up to the required standing. In other words, if they met the minimum standards now they should be allowed to apply and be granted interim certificates, which are of course renewable each year, until they reached the required standing. From the remarks made by the minister I am not too sure whether the Trust Companies Act or the Loan Companies Act will apply to the standard of investment which will be required of these institutions, and what degree of liquidity will be sought.

When the minister makes his statement at the completion of the debate I hope he will give us a much fuller explanation with regard to his statement that all the institutions would be accepted into the scheme if the provincial governments asked for it. There is some confusion in my mind regarding this matter, but let me say that it may be in my mind only and not in the minister's statement. In any event I hope to be given a clearer picture of the interim steps, because I think they are very important. It will be interesting, when this bill is considered in the committee, to get some idea of the regulations which are envisaged; because the bill only marks out the four corners of this scheme, and as a matter of fact a good deal of the law will be embodied in the regulations.

I should like to reiterate the plea I have made on many occasions, that these regulations should be subject to review by this house and by a standing committee of the house, because this corporation is a classic example of delegated powers. It will have very extensive powers, and they must be subject to review by parliament. It is not good enough to say that the regulations are made by order in council and tabled and that hon. members can go and find them. No means is given whereby these regulations may be examined. I urge the minister to assist the house to amend our rules to provide for a standing committee on delegated legislation, so that hon. members may be given a chance to see what is being done and examine it themselves.

The last point I should like to make, and which I should like clarified by the minister either now or in the committee when the bill is sent there, concerns the powers of the deposit corporation. I should like to know whether the corporation will have the right of sale or merger of an institution which has not been able to meet its obligations.

The power of sale or merger is not specifically dealt with in clauses 11 or 3(1) of the bill. It is said in clause 3(1):

> There is hereby established a corporation, to be known as the Canada Deposit Insurance Corporation, having power to acquire, hold and alienate real and personal property.

I doubt that the wording of this clause is sufficiently wide. I apologize for making specific reference to a clause in the bill; however, I did want to state that this bill should provide for power to be given to the corporation to dispose of the assets of a defaulting institution. It is said in clause 11(c) that the corporation may act as a liquidator. Nevertheless I think it should have the power of sale and of merger.

There are a number of other remarks which could be made with regard to this government proposal, but in view of the remarks which have already been made both by myself and by my colleagues, our main concern now is to see this bill goes to the committee as soon as possible. I will say at this time that we in this party are prepared, with some reluctance, to support this bill on second reading. At this time and under the circumstances the principle of deposit insurance is only second best.

We think the provision with regard to the lender of last resort is good. We have some very serious reservations about the provincial rights which are being established in this regard. As a matter of fact if it were not for some other good features of the bill I would be opposed to it because of that provision. However, in the light of all the circumstances we are prepared to support the bill on second reading.

[*Translation*]

Mr. Clermont: Mr. Speaker, would the hon. member for Edmonton West allow me a question?

Mr. Lambert: Certainly, Mr. Speaker.

Mr. Clermont: Did I misunderstand the hon. member or did he really say that the expenditures of some banks could amount to $4 or $5 million for each bank for the deposit insurance premium?

Mr. Lambert: Yes, Mr. Speaker.

Mr. Clermont: Mr. Speaker, I have here the replies given us by the president of the Canadian Bankers Association, Mr. Patton, to

the effect that for the eight banks now in operation the total expenditures could amount to $4.5 million for the first six years and that the premium would then drop to $2.5 million.

Mr. Lambert: I have information to the contrary, Mr. Speaker.

• (12:20 p.m.)

[*English*]

Mr. John Gilbert (Broadview): The members of the New Democratic Party support the principle of deposit insurance and are prepared to facilitate the speedy passage of this bill. The hon. member for Greenwood set forth our support during the debate on the resolution. We look upon our large financial institutions as forming part of the whole of our financial system, and deem it necessary that they be under federal direction, supervision and control. These financial institutions include banks, trust and loan companies, finance companies, credit unions and caisses populaires.

The recent display of waffling in determining jurisdiction, authority and responsibility by the federal government and the government of Ontario with regard to Prudential Finance indicates the necessity for the direct assertion of authority over the financial institutions of our country. We appreciate the jurisdictional problems involved, but we place the security and safety of Canadian depositors and investors in priority to petty jurisdictional problems.

The principle of deposit insurance is twofold; first, to assure the safety of deposits and, second, the supervision and control of our financial institutions. I would prefer to place the second purpose first because the safety of deposits is almost entirely dependent on supervision, inspection and control. I noted an article in the *Globe and Mail* of Monday, January 30 in which Fraser Robertson reports a statement to the shareholders of Guaranty Trust Company at a recent annual meeting. The president, J. Wilson Berry, pointed with pride to the record of Canadian trust companies, noting that the record of no casualties in the industry has been maintained during a severe time of testing in the past year. He also said that the essential purpose of deposit insurance is the protection of depositors. Mr. Berry then indicated that he did not believe deposit insurance would be of any value to customers of some large, well established trust and loan companies or even the chartered banks.

Surely, Mr. Speaker, the objective of deposit insurance is to prevent losses, not protect against them. What may be safe today in a bank, trust or loan company may be insecure tomorrow. Prevention comes before, and as a necessary and vital step to protection. Mr. Robertson pointed out in his article:

> There is no guarantee that I know of that the management of any company will not deteriorate, that control will not change hands, that the nature of the business will not alter. Governments may force such changes, for instance, by requiring banks to divest themselves of substantial interests in trust companies or by limiting the availability of directors. Again, governments may themselves bring about a change in the nature of a business, as by permitting banks to enter substantially into the mortgage business and to issue debentures, while trust companies are asking for permission to make consumer and personal loans.
>
> The activities of financial institutions in Canada have changed remarkably in recent years in response to the requirements of a vastly changed economy. Thus much of the experience of an old established company will be no greater than that of a relatively young one, and the temptation to believe it cannot err may be a very real danger to the institution and to the public.

There are a few criticisms, Mr. Speaker, which I hope are constructive and which we would like to present to the minister. First, the legislation indicates an almost tacit approval of provincial jurisdiction in the monetary and financial affairs of our country. The provision in the bill which requires consent both by the applicant company and the province with regard to provincial trust and loan companies should not prevail. The voluntary aspect is lost by requiring the consent of the province. The province should require companies to participate in deposit insurance, and should make it a requirement of their licence to do business in the province.

We were very much encouraged by the statement of the premier of British Columbia to the effect that he would compel such companies to take out this insurance as a requirement of doing business in the province. Other provinces should follow this lead. When one knows that most of the large trust and loan companies are provincially incorporated, it indicates the necessity of full participation by all these financial institutions in deposit insurance.

The second criticism we have is that the term "deposit" is not defined in the bill but is left to the governor general in council to determine. We appreciate the difficulties in defining the term "deposit", as to whether it is a deposit or an investment with the institution involved. I note that in the United States the Federal Savings and Loans Insurance

Corporation insures the accounts of all forms of savings in insured savings and loan associations, including share and investment certificates, while the Federal Deposit Insurance Corporation insures demand savings and time deposits in commercial and mutual savings institutions. This would be a good starting point, Mr. Speaker, toward defining the word "deposit".

I would ask also that all financial institutions be required to notify depositors as to whether the "deposits" were deposits covered by the deposit insurance scheme or were just investments in the shares of the company. This problem was underlined by the recent Prudential fiasco, when people rightly thought deposits in the form of guaranteed investment certificates were the same as cash deposits in our chartered banks. We in the New Democratic Party feel that in those circumstances some form of compensation should be given to those people who invested their money in Prudential. When you have people who are not aware of the difference between a deposit and an investment, the onus is on the financial institution not only to make them aware of it but to compensate them if losses occur.

The third point, Mr. Speaker, is with regard to coverage. We of the New Democratic Party would like to see coverage not only of chartered banks, federal loan and trust companies, but also of provincial trust and loan companies and finance companies. We appreciate the insurance protection that people have with regard to credit unions and the Caisses Populaires. The attraction of the lender of last resort provision in the bill would act as an encouragement and attraction to companies which would otherwise be reluctant to enter into a scheme of deposit insurance. In so permitting these companies to enter the field, we feel some standard should be adopted. Again, I point out information received with regard to deposit insurance in the United States. Before insuring any bank the Federal Deposit Insurance Corporation considers the following factors: (1) the financial history and condition of the bank; (2) the adequacy of its capital structure; (3) its future earnings prospects; (4) the general character of its management; (5) the convenience and needs of the community to be served by the bank; (6) the consistency of its corporate powers with the purposes of the Federal Deposit Insurance Act. These factors should be given full consideration when companies are making application for deposit insurance.

• (12:30 p.m.)

May I say again that we agree in principle with deposit insurance, Mr. Speaker. We should like to see its coverage extended, and will co-operate fully in the passage of this bill.

Mr. Deputy Speaker: Shall the motion carry?

Some hon. Members: Carried.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): No, Mr. Speaker. I had understood that another member of the official opposition was going to speak, but apparently that is not so.

I have a few things I should like to add to the remarks of my colleagues from Broadview (Mr. Gilbert). In the first place, I think we should have it clearly in our minds that the measure now before us should not be considered solely in the light of its aspect as a deposit insurance scheme. It is in effect the government's attempt to cope with a situation that has been causing more and more concern throughout the country; that is, the development of a conglomeration of various financial institutions which are beyond the scope of federal legislation and control. That is to say, Mr. Speaker, they are unless the federal government is prepared to face a head-on confrontation with the provinces and to exert its authority over all institutions that could by any reasonable definition be called banking institutions. In fact I think this is a rather typical example of this government's efforts to do things by the back door method.

I regret that the minister did not heed the suggestion I made to him some while ago before this measure was introduced, at a time when there was a rather notorious collapse of a financial institution and we had in Ottawa representatives of the provincial governments. It seemed to me that was a golden opportunity for the federal government to speak bluntly and plainly to the provincial governments and suggest to them that it would be the part of wisdom on their part if they were to refuse to licence any other financial institutions unless they were prepared to come under federal inspection; in fact, to go further than that and cancel any existing licenses unless those institutions were prepared to submit themselves to federal inspection and control.

As I remarked to the minister at the time, Mr. Speaker, I could not really conceive of any provincial premier in his right mind not

seizing the opportunity to dump this problem on the lap of the federal Minister of Finance. The fact that two of our largest provinces have decided to make compulsory the acceptance of this particular scheme indicates that I was on the right track, that they do know the problems they may face, and that to bring these concerns under federal control is one way of avoiding serious difficulties in the future.

However, Mr. Speaker, I should like to reinforce what the hon. member for Edmonton West had to say about the danger of one of the features of this bill, that which calls for the consent of provincial governments before a provincially chartered institution may apply for deposit insurance under this scheme.

This seems to me, Mr. Speaker, to be a very dangerous enshrining in federal legislation of an admission, shall I say, that the provinces have some right in this field of the control of finance and banking operations, or what would normally be called banking operations. I am not a lawyer, but I cannot imagine any more useful club for provincial governments to wield in the future when asserting their right to a position that they have achieved merely by means of squatter's rights at the present time. As I say, Mr. Speaker, I think the minister would have been much better advised to have gone openly to the provinces and offered them a way out of their present difficulties in the future, and by that means to firmly establish federal government control and inspection of all financial institutions.

I am also interested in the definition of a deposit, or rather in the lack of a definition of a deposit. A deposit is merely referred to as something that is going to be defined by the by-laws of this corporation.

This raises a rather interesting point, and I hope the minister will think of this. It occurred to me yesterday before the committee when we were discussing the question of the relevant deposit taking institutions, and I asked the inspector general of banking by means of a note I had passed to him whether he would consider the province of British Columbia as a deposit taking institution since Mr. Bennett has issued parity bonds which are cashable at any time at par. It appears to me that these are deposits which are in no way different from the deposits that I make when I go to a bank. I wonder whether Mr. Bennett will come to the minister and suggest that he has to insure all the operations of the government of British Columbia.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

Mr. Sharp: In that case I would have to insure the federal government, too, because we have issued the same kind of bonds.

Mr. Cameron (Nanaimo-Cowichan-The Islands): You will be in the same spot.

Mr. Knowles: What about Canadian government perpetuals?

Mr. Cameron (Nanaimo-Cowichan-The Islands): They are not redeemable at any time.

Mr. Sharp: The Canada savings bonds are.

Mr. Knowles: What about the perpetual bonds?

Mr. Sharp: No, the Canada savings bonds.

Mr. Cameron (Nanaimo-Cowichan-The Islands): The Canada savings bonds are, but not the perpetual bonds.

However, to come back more seriously to this question of what this measure is all about, it is really a measure to start the process of bringing near banks under federal control. We had before the committee a number of witnesses, some of them leading professional authorities on the monetary and banking system, who dealt quite fully with the problem of this conglomeration of financial institutions to which I have referred.

One witness presented a paper which outlined the history of deposit insurance in the United States. One of the interesting things about his brief is that it points out that deposit insurance in the United States was introduced precisely because there is no constitutional federal authority in that country over banking and finance. They had to have some means of controlling and supervising the operations of an enormous conglomeration of institutions under a multiplicity of legislative authorities. It seems to me that this outline of the history of deposit insurance in the States actually points out that we are in a better position to undertake some really far reaching controls over all financial institutions than are our United States friends.

Another witness before the committee, Dr. Richard Neufeld, had another idea with regard to near banks. His idea was that they should be granted some type of interim charter under the Bank Act, under, as he said, very stringent regulations, and with the aim in mind that after the lapse of ten years, when the Bank Act will come before the committee again, by that time the development of the financial system of this country

would be such that the banks and the trust and loan companies would be carrying on functions which would be virtually indistinguishable from each other, and they might all be tidied up under the Bank Act.

I am not sure whether this is practicable, Mr. Speaker, but it seems to me to be the direction in which we should be moving rather than, as I say, trying to do something by the back door method and risking the danger of having some chickens in our dominion-provincial relations coming home to roost at a later date.

• (12:40 p.m.)

I believe now is the time for the federal government to act boldly with the provinces in this regard. Not even the province toward which the federal government looks nervously over its shoulder all the time would dare to hold out from the scheme or from the proposition I made, that they cancel their provincial licences and refuse to issue any more except to those institutions coming under federal authority and inspection. Any provincial government that refused to do this would find itself in an extremely difficult position, even without another bank failure, because it would be exposed to its electorate as being careless of the welfare of its own citizens.

There are tremendously powerful levers in the hands of the federal government. One might say that the regrettable financial collapses we have had are an ill wind that has blown good, if the federal government is prepared to set its sails to that wind and exert its authority over financial institutions in the country.

I presume the scope of the inspection and regulation will be fairly severe, fairly critical, and that the club to be used to make institutions conform to what the inspector general and his staff deem to be reliable business operations will be threat of expulsion from the scheme. We should examine that. It is inevitable that there must be some sort of club, and that is the club I can see. This may raise problems in two provinces, my own province of British Columbia and Ontario, which have already announced they will make membership in the scheme compulsory.

This may raise some problem if the federal authority decides to expel an institution in one of the provinces from the scheme. Then, by virtue of the provincial legislation making it compulsory to belong to the scheme, it will put that institution out of business. I am not sure that that will not be good, but let us see exactly what the results of this can be. We should examine that closely.

In conclusion, I repeat, I am disappointed that the minister has not done by more direct means what he seeks to do by indirect means, but that he has enshrined in legislation an admission which he as federal Minister of Finance should never be prepared to make, that there is split authority in Canada over banks, finance and money affairs. His successors, whoever they may be, may regret his excessive caution here, and his not doing by the front door what he has tried to do by the back door.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, the hon. member for Edmonton West on behalf of Her Majesty's loyal opposition has expressed our feelings about this bill, that we intend to support it with some reluctance. Speaking for myself, I intend to support it with a great deal of reluctance because I think it incorporates one or two thoroughly objectionable principles. For my part, while it has a desirable objective, to bring about a system of deposit insurance, with the additional attraction that thereby there will be some extension of the umbrella of federal regulation and inspection—those two aspects are desirable—it incorporates features to my mind so undesirable that my reluctance to support it is extreme indeed. It is only, I can assure you, because I appreciate the necessity of something being done in this field now, that I bring myself to support the bill on second reading.

I have already summarized my view about what I think should be the approach of the government with respect to this matter of banks, banking and banking legislation. I have stated that in my view there is no question about the sole jurisdiction of the federal parliament and government in this field. I have also stated my view about the absolute necessity of maintaining that control, undivided, whole, in all its integrity, and the necessity of using legislative and administrative control to maintain the monetary system, the system of financial institutions built around the banking system in all its integrity as being the inescapable responsibility and indispensable strong right arm of government in its control over fiscal and monetary policy.

I regret exceedingly that in the Bank Act amendments before us, and in this deposit insurance legislation, the minister has shied away from that approach. Not only has he shied away from it, but in my submission he

has opened crevasses in it which he and future federal authorities will regret exceedingly.

Referring to the matter of maintaining the integrity of federal control over the entire financial and monetary system of Canada, it is unfortunately true that at the moment we do not have that effective federal inspection and regulation over the entire monetary and credit system that its stability and integrity requires. There is adequate control over banks and federally incorporated trust companies. No one would question their stability and integrity. But large segments of the system, many trust companies, finance and loan companies, operate completely outside the sphere of that federal inspection and control, many such companies not being federally incorporated. Yet these institutions carry on many of the aspects of banking business. They accept deposits and create demand and term liabilities; they accept cash and exchange cheques, and their activities in the field of credit buying have an important bearing on the effective level of consumer demand in this country. The Porter commission recommended a wide extension of federal legislation to cover all of the types of institutions I refer to.

The failure to accept the Porter commission recommendation is the first serious omission in the legislative program the government has presented to us in this field. The program almost completely rejects the Porter commission recommendations.

It is obvious that the government is unprepared to extend its jurisdiction in any direct way. Its amendments to the Bank Act contain no new definition of banking, which would be one way of accomplishing that result.

It is interesting to note, Mr. Speaker, that traditionally our Bank Act contains no definition of banking at all. Though this may be traditional, I think it is incredible, indeed inconceivable, that it should be allowed to continue. With the multiplicity of institutions entering the field in one or another of its aspects, the situation is new and serious and requires new and serious measures to meet it. If adequate measures are not taken there will be a serious erosion of federal authority in this whole field, and serious dangers to the stability and credibility of the entire system.

Indeed, Mr. Speaker, while not being a panic-monger, one can ask very seriously how many more impacts like those of Atlantic Acceptance and Prudential Finance the system can withstand. It is not only the amount of loss involved at the moment, terribly serious though that be, especially to the unfortunate creditors of the companies involved, it is the loss of confidence in the entire system and the ramifications of the calling and tightening of obligations throughout that cause ever-widening and extremely serious consequences throughout the entire financial system. So, although no system can ever guarantee complete protection against deliberate fraud or dishonesty, an adequate and uniform system of federal inspection and regulation could certainly reduce the dangers, not only in individual instances but throughout the system as a whole. And in my view such a possible system lies almost entirely within the scope of the authority of the federal parliament.

[Mr. Fulton.]

• (12:50 p.m.)

I regret exceedingly, therefore, that notwithstanding the urgency the government has refused to follow the course of direct legislative authority. The minister tells us that he doubts his jurisdiction and fears it would be challenged. So he has resorted to a device, a sort of carrot, to entice the near banks in on a voluntary basis, because he is concerned with the difficulty if he is challenged. I do not know why he does not follow the simple course suggested in this house not long ago by the hon. member for York South by bringing in even now, in this legislation or in the banking bills before us, a definition of banks and banking so as to cover the field we think should be covered. If the minister really has serious doubts about jurisdiction he could do this and refer that particular section to the Supreme Court of Canada for a ruling.

I do not have these doubts. I think it extremely unlikely that the minister would be challenged provided a workmanlike definition was produced. Why does he not follow the course I have outlined so that financial institutions across this country will know the intention is to protect the public by means of a legislative umbrella under which regulation, control and inspection would be carried out throughout the entire system.

But the minister will not do this. Instead, he has adopted a device. His theory is that by establishing a federal deposit insurance scheme the provincially incorporated trust companies and the near banks to which it is available will be enticed or compelled to join in the scheme because their customers will demand the security of the federal insurance coverage, and would go elsewhere if they do

not join. Once in, they will be compelled to submit to federal inspection as a condition of coverage. Even in this connection I have reservations to make in the light of what the minister said while moving second reading. I will return to this a little later on.

With regard to the scheme as a whole, based on the bill the minister has introduced, I submit that it makes clear the weaknesses inherent in the hon. gentleman's whole approach. In the first place, while it is only voluntary to the provincially incorporated institutions, membership in the scheme will be compulsory to the chartered banks. Yet these latter are the very institutions about which there is no concern as to the safety of their deposits. So you compel those who do not need it and whom you already control, to come in and contribute substantially to the cost of the scheme, while having only a vague hope that those whom you do want in, and whom the public interest requires in, will come in on their own. This seems both unsafe and unfair.

In the second place, the bill goes beyond a merely voluntary association in the scheme on the part of the provincially incorporated companies, and provides that even if they decide to join they must obtain the consent of their provincial governments. This surely is saying to parliament that not only do we doubt our own primary jurisdiction in this field, but we recognize a primary jurisdiction on the part of the provinces; because we give them in effect a veto over the extent and operation of a federal initiative in a field which is certainly part of banking; that is, the taking of deposits.

This is the view of the bill which I take and, as I said before, it is with extreme reluctance that I will vote for this measure on second reading. Were it not for the feeling of urgency which attaches to it I would never vote for a bill which contained so little confidence in federal jurisdiction.

In brief, on this aspect of the subject I do not question the right of provinces to incorporate companies and require that they conform to provincial laws and regulations; but I certainly assert and defend the right of the federal government to regulate all those companies wherever incorporated which engage in the business of banking in Canada. I think the minister will have reason to regret he has taken his present position and written legislation which will carry it into effect.

This is my main objection to the bill. I have some other, more detailed objections to which I should like to make reference, not for the purpose of protracting the debate but because I wish to lay a basis upon which I shall later ask the minister to give consideration to these matters and accept some modifications when the legislation is considered in detail in committee.

I was much disturbed by the minister's words this morning to the effect, if I interpreted them correctly, that he did not intend to insist on uniform national standards. Those were the words I took down; I may have misunderstood what was meant.

Mr. Sharp: Perhaps I might say a word on that point. I said we were not going to insist upon uniform federal standards as a condition for bringing the companies into the scheme, and that we would gradually improve the standards as we went along.

Mr. Fulton: With that modification I am satisfied and greatly assured. I take it the minister is saying we want to bring this scheme into operation quickly in the immediate future; it is obviously impossible to insist on uniform standards, but that will be the objective. I am glad to have this assurance.

There are other features which cause me concern. The bill as I read it does not provide for the compulsory inspection of provincially incorporated institutions which may come within its jurisdiction. One of the sections provides for the compulsory inspection of federally incorporated institutions, but section 22 states:

> Where the corporation enters into a contract of deposit insurance with a provincial institution, the policy shall provide that a person designated by the corporation shall be permitted to examine the affairs of the company at least once in each year and at such other times as the corporation may require.

The provision is only that an inspection shall be permitted. I think the bill should be much more direct and provide that as a condition of entry or continued participation there shall be regular inspection of all member institutions. As to the requirement in section 16 that provincial consent is necessary, I have referred to that already. I think it is a provision which this parliament should resist and which should be deleted from the bill in committee.

Finally, I regret that although in the event that an irregularity is discovered in the operations of a federal institution it must be reported at once to the chairman and board of directors of the company, there appears to be

no such requirement in the case of provincially incorporated member institutions. I am certain that it would be done as a matter of administration; however, I think precisely the same regulations and terms, in this aspect of inspection and control, should be applied to provincially incorporated loan institutions as are applied to federally incorporated institutions. These and other reservations which I have about the bill will be taken up in the committee on finance, trade and economic affairs.

• (1:00 p.m.)

In the meantime I hope the minister will seriously consider the fundamental weakness that he is opening up by the position he is taking, not only by expressing doubts as to the extent and efficacy of federal jurisdiction but also by explicitly recognizing a primary provincial jurisdiction which nowhere exists under the constitution and can only arise if this bill is passed in its present form.

There is one other matter which I would like to touch on briefly. The minister has said he is going to give consideration to it, and I hope his consideration will lead him to introduce what may be a substantial amendment or addition to the bill, one which I think is urgently necessary. I think he should extend the field of federal inspection and regulation to finance and loan companies which are not federally incorporated. These are precisely the types concerning which very extensive and disturbing difficulties have arisen in recent history. Yet as I see it, unless one goes through a rather tortured process of definition to say that they are deposit taking institutions—and I have doubts about the efficacy of such an interpretation—they will not be covered by this bill.

The minister again indicates that he is in agreement with my reservation on this point; therefore one could assume that as things stand these companies likely are not covered.

In this case where you have provincially incorporated institutions and they are not directly deposit taking institutions, then the right of federal jurisdiction is certainly much less than it is with respect to deposit taking institutions. In the case of these institutions, finance and loan companies, I would be prepared to say we can only use a carrot because we do not have any other device. Therefore I urge the minister to use this bill as a carrot to bring these companies under it, probably by making the corporation a lender of last resort

available to finance and loan companies as well as to deposit taking institutions.

I am satisfied that this type of company would take advantage of the lender of last resort facility, and would therefore be prepared to submit to the umbrella of federal inspection, regulation and control. In that way there would be achieved that complete extension of federal control which the integrity of the financial system of this country requires. It is true that we have not had it before, but then neither have we had the kind of development which has been taking place so rapidly within the last five or six years.

I submit in all seriousness, and with a sense of urgency, that unless we take these developments into account, the rapid entry into the monetary and financial business by this type of company, and extend our legislation to bring those companies under control, we are inviting a serious undermining of that which has hitherto been unquestioned, namely federal jurisdiction and responsibility for this entire field.

I know there is urgency about this bill now, Mr. Speaker; nevertheless, I urge upon the minister that he should improve his bill along these lines because I think a very unhappy situation would be created if, after we put this legislation through, we find there is that type of gap and omission which I am satisfied exists at the present time.

Mr. Deputy Speaker: Order. I understand there is a disposition on the part of hon. members to suspend our sitting for approximately one hour. Is that agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Then this sitting stands suspended from now until 2 o'clock, and at that time I shall recognize the hon. member for Compton-Frontenac.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 2 p.m.

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, with regard to this deposit insurance legislation which the minister has brought before the house, I wonder why insurance is sought for capital. If there is one thing which is insured, one thing which is

positive, big and strong, it is indeed capital. Insurance is sought for capital. All the means available are used to protect the financial capital.

I am one of those who want solid banks. At this time, there is nothing stronger than our financial institutions and we did not see many of them go into bankruptcy; in fact, we have seen virtually none. Our major financial institutions have assets totalling $26 billion, while the government has liabilities of $26 billion. And here, we have the federal government wanting to guarantee with its liabilities the assets of banks or finance companies.

Therefore, Mr. Speaker, I wonder where we are going. I wonder whether the minister is claiming that financial capital is more important than human capital. Nobody cares about human capital; it is taxed and overtaxed; in a word, it is crushed by all means, direct and indirect. As far as financial capital is concerned, it is protected by all direct means and by all the drastic measures available, at the expense of human capital. Mr. Speaker, I think the minister should give a little more thought to human capital than to financial capital, for without the former, the latter would be inexistent. If there is financial capital, it is thanks to the human capital, which puts the mechanism of our economy into motion. Unless human capital is protected, in a word, if protection is given only to financial capital, the mechanism of our economy will stop. And then we will see disruption, bankruptcies, revolutions and a chaotic situation resulting from the over-protection given to financial capital.

The bill in this connection was not available when this text was drafted. However, the objective pursued seems to provide for compulsory insurance covering all deposits in federal incorporated companies, including chartered banks, and for voluntary insurance for provincially incorporated companies, subject to the consent of the provincial governments.

Mr. Speaker, without the approval of the provincial governments, the federal government can barely, if at all, assume the responsibilities it wants to assume or take the measures it wants to implement at this time.

In other words, insurance would be forced on the companies which need it least. The protection offered by the chartered banks is undeniable. The main result of setting up compulsory insurance for the chartered banks will not be to give depositors increased protection but to force the banks to subsidize their competitors, namely the near banks holding federal and provincial charters. The whole thing could also influence world opinion. Mr. Speaker, are we going to trumpet abroad that the position of Canadian banks is so shaky that deposit insurance has become necessary?

After all, the problem does not concern insurance, but rather the existing deficiencies in the control and inspection of near banks. As I said earlier, banks already have excellent regulatory and inspection systems: theirs and that of the Inspector General of Banks. They do not need deposit insurance. As for near banks which really need deposit insurance, they will gain nothing, unless this insurance provides for adequate control and inspection methods.

Without such control and inspection, deposit insurance, even though generally implemented, could actually result in an increased number of bankruptcies.

The banks will probably keep on doing their best to ensure the stability of the financial system, but should it not be asked whether they will not finally have enough of covering the expenses of all institutions, having first to subsidize their competitors following the establishement of deposit insurance, and to come afterwards to the rescue of near banks which find themselves in a precarious financial situation?

I would be in favour of a purely optional federal system applicable to all institutions that accept deposits and are subject to a strict control and inspection. In other words, insurance should be provided to institutions that need it. This insurance should not be made compulsory for chartered banks which offer fool-proof security, as witnessed at the worst times of the crash of 1929-30.

If bank managers or presidents say this insurance is senseless, that it is unthinkable to implement such insurance, because their financial situation is sound and strong, being backed by the strength of the country, nevertheless the financial provisions will prevail.

Then, if there is no risk on that side, why make it compulsory for those who do not need it?

To me, Mr. Speaker, the best insurance that should be required, would be to ensure the bread of those who need it for the next day. That would be a citizens insurance, an insurance on human capital, an insurance on labour. We could call that an insurance in a field where the government could really do

something; the government could direct its activities on that side to ensure stability in every field of our economy and later go down to the level of the family, in order to ensure the houses and the assets of the citizens and prevent their bankruptcy. We want to provide an insurance to prevent the bankruptcy of high finance while it murders our Canadian citizens. Large companies which produce goods useful to the nation are going bankrupt because they do not enjoy the protection of the state, because financial interests take an unfair advantage of them. Nothing is being done for the people and I say to the Minister of Finance that the people have to be protected first. If we are unable to protect them, there is nothing else to protect, because everything else is of secondary importance.

Mr. Speaker, if these regulations and this deposit insurance is established to protect high finance and if the caisses populaires are excluded, I want the minister to tell us why. Is it because the caisses populaires are more solvent than others? Is it because Caisses Populaires are required to keep 50 per cent of their reserves on deposit to provide for bad debts and for the refund of deposits or is it because the financial institutions which create credit only maintain $3 in reserve for $21 on the books?

• (2:10 p.m.)

Are we establishing insurance on the book figures? The book entries in the large financial companies are the best protected in the world, because they are not only kept in fireproof safes but in fire-proof buildings. It is the best protected capital to be found in the country while the human capital cannot find a place to live in. In fact, some citizens live in hovels and too often, five, six or seven members of a single family are lost in a fire. That is all we are doing: There is no insurance on human beings, no insurance on the house, no insurance to protect man from capital transfers and what have you.

Everything is to be given to high finance, to high society, to those who enjoy the wealth belonging to others. The privileged who rule the country and control its assets are to be protected, so that they may also take over the assets of the individuals and turn private assets into liabilities. Mr. Speaker, they have the advantage of controlling everything, they control all sectors of the economy of the nation and, without their permission, a man cannot breathe.

Again that insurance will protect high finance or those financial institutions which fully control the economy. The government did not want and is not even able to keep a degree of control over those institutions. The government gives up its sovereignty and hands it over to those high institutions which exploit the people in all kinds of ways. They exploit them legally, because the government gives them its sovereignty, its rights, in short gives up its privileges.

That is what the government is doing and that is the reason why no one protests against increases in the interest rate, reduction in the bank reserves, secret reserves, hidden reserves. That is what the Minister of Finance said and he added that for the first time banks will have to reveal their undisclosed reserves or their secondary reserves and will also have to pay income tax on them. I studied all the clauses in the bill and I did not find a single one that says what the minister said or sets out the minister's suggestions. That means that the minister's statements will not have any value, that they are not included in the bill.

I would therefore ask the minister, if he is sincere, to amend the bill and to include therein the improvements he mentioned when he said that the hidden reserves would be brought to light and the citizens would pay income tax on those reserves. Otherwise, there is no reason to have deposit insurance, since the purpose of deposit insurance is to protect against the insolvency of those banks. They have hidden reserves, indiscreet reserves, comprising millions of dollars that are not declared; in fact, the minister does not even know how much there may be in those reserves. They are not declared and the minister is forbidden from looking into them.

Therefore, the hon. minister should take the necessary steps not only to prevent those large institutions from going bankrupt but also to permit them to live. There are many ways to enable them to live, but we must also enable the people to live, to develop normally, to develop their natural or individual resources, in short, to be masters of their own homes. That is what I call a country, that is what I call the administration of a country, that is what I consider the responsibility of the Minister of Finance.

The Minister of Finance holds the highest responsibility in this parliament, for he is the one who has control over all the highest institutions, and if he does nothing, if he merely passes regulations and laws to protect those institutions, he is not carrying out his duties. In so doing, he is not responsible to the people, but he is responsible to finance.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my remarks in regard to Bill No. C-261 will be brief. In principle we give our support to the bill because we believe it is necessary to have some form of deposit insurance available to protect depositors who place their savings in the hands of various deposit receiving institutions in the country which are not specifically chartered banks.

• (2:20 p.m.)

One point in this bill about which we are particularly concerned relates to those deposit receiving institutions classified as near banks which do not come under federal jurisdiction. According to my understanding of clause 16 and subclause 1 of clause 17 it would seem that adequate provision has been made to permit these provincially incorporated institutions to come under the cover of deposit insurance, provided the provincial governments concerned adjust their legislation either to require or permit this to be done. It seems to me that, when this legislation comes into effect, the near banks that do not hold federal charters will be forced into taking action along one of two lines. Either they will have to seek federal charters in order to receive this coverage or they will have to prevail upon their provincial governments to pass legislation enabling them as provincially chartered companies to come under the coverage of deposit insurance. The reason for the present concern is the failure of the Prudential Finance Company and the great deal of public talk that this event has caused. The failure of the Atlantic Finance Corporation also caused a great deal of concern, and perhaps justly so, among the Canadian people about whether or not they are adequately protected by these smaller institutions.

I think that the real work on this bill will have to be done in committee and I hope that the debate on second reading will be kept to a minimum so that we can proceed to consideration of the technical aspects of the bill in committee. I am not sure whether the various clauses of the bill contain the provisions which are necessary, and therefore it is all the more important that we hear the opinions and advice of experts and that we deal with this bill in more detail than we can in general debate.

It seems to me that the comparison of our deposit insurance policy with that of the United States is legitimate because the real purpose of this bill is to achieve something that has been in practice for many years in the United States and has proved very useful and beneficial in that country. It has been mentioned in this debate that the United States government does not have control and jurisdiction over the banking policy and the function of the banks in the same way as we have in Canada. Nevertheless, as long as there are provincially incorporated institutions able to accept deposits and carry on the generally accepted services of banking, the Canadian federal government does not have the proper control that will provide the protection to the people of Canada which I believe it is the responsibility of the government to provide. I believe that even though the comparison of the two countries in this field may not be exact, there is certainly much common ground as far as the need for such legislation is concerned. I believe we can learn a lesson from the manner in which deposit insurance now operates in the United States.

I trust that the Minister of Finance (Mr. Sharp), in considering the various ramifications of the bill as the debate continues, will make sure that the legislation does leave an adequate door open to make the benefits of deposit insurance available to the provincial governments and the provincially incorporated near banks. I do not accept the argument that giving recognition to the provincial governments with relation to near banks is a general admission of weakness and an abrogation of responsibility so far as the federal government is concerned because in respect of the operations of the near banks the responsibility of the provincial governments has been a legitimate one. However, whether or not this should continue is another matter.

In the committee where we have been considering revisions to the Bank Act, we have heard the governor of the Bank of Canada, Mr. Rasminsky, and the minister state very clearly that they do not feel it is necessary to bring the near banks under the coverage of the banking legislation at the present time because the total volume of banking and financial business carried on by these institutions only amounts to about 1 per cent of the total banking services provided in the country. Therefore it is the apparent policy of the government, in the revisions to the Bank Act which are being proposed at the present time, not to bring these near banks, many of which are operating under provincial charters, under the umbrella of federal legislation. I believe that part of the urgency for this bill —perhaps this is the reason for the minister's

motivation in moving so quickly on this particular piece of legislation—would have been avoided if the federal government, in drafting its proposed banking legislation which we are considering at the present time had expanded it to include all of the near banks operating in the country, not only to protect Canadian depositors but also to keep financial and banking policies in the hands of the federal government and the central bank, in order to guarantee effective operation of the economy.

Without making any further comments we would hope that Bill C-261 will be sent to the committee as soon as possible. There we will consider the various points that have been raised in the debate and hear testimony by those who are technically qualified and responsible for the operations of the banking system, whether it be the operations of the banks or of the near banks.

I wish to say in closing that, as the previous speaker has mentioned, whether or not the chartered banks themselves should be included in this legislation is questionable because, as has been stated, the deposits held by chartered banks are in no real danger, and if the banks are required to come under the proposed deposit insurance arrangements they will in effect be subsidizing their very competitors.

This argument may be valid from the point of view of the record of stability of the chartered banks but it seems to me that a basic principle is involved, namely, the responsibility of the government to provide the insurance and the protection that such insurance will give to the people of Canada who entrust their savings and their day to day financial operations to those who are authorized to receive deposits and by receiving deposits are able to lend money to those at the other end of the banking operation who need it. It has been stated in the committee that not only are the banks operating on the basis of reserve expansion. In other words, it is not only those who are legally required to operate under a specific reserve requirement according to the Bank Act who are able to expand the money that they use in making loans. It applies also to the near banks which do not have these restrictions nor the inspection of the federal banking service performed by the inspector of banks.

For this reason it is all the more urgent that this legislation or similar legislation be passed as quickly as possible. I therefore state again that we give our support to the principle of the bill and look forward to the consideration of its various clauses when it comes before the committee.

[Mr. Thompson.]

• (2:30 p.m.)

Hon. R. A. Bell (Carleton): Mr. Speaker, this bill, I believe, is a vivid illustration of the unique propensity of the government for doing everything backwards, of its affinity for half measures and compromise and of its incredible aptitude for vacillation and irresolution. The bill is compulsory for those who need it least. It is voluntary as well as dependent upon the provinces and least effective for those who need it most. It will protect the public where the least protection is needed. It may well leave the public exposed and imperilled where protection is imperative.

Sir, the basic weakness of the government's approach was stated precisely in another context in the report of the Porter royal commission at page 363:

> An alternative, therefore, would be to make the federal regulation voluntary while offering inducements to institutions to submit themselves. Unfortunately, however, those few institutions which are now clearly unregulated are precisely the ones which are likely to remain outside the regulatory framework.

This, sir, is what is likely to happen as a result of this legislation. Those provinces which may need it most are the ones which will not make it imperative upon the institutions within their jurisdiction. But what I find most objectionable in the bill is its admission, both by explicit provision and by inference, that the provinces have a role in the field of banking. This I dispute vigorously and it will be the theme of what I want to say this afternoon, for I object to the abdication and surrender of jurisdiction of this parliament.

I do not believe that the provinces want to intrude in the field of banking. The failure of this parliament in the past to occupy fully the field of banking has enabled the provinces to purport to confer on provincially incorporated institutions of the type now colloquially known as near banks, powers in the field of banking. Do the provinces really want to retain that usurpation of authority achieved by default? I think not.

As an example, sir, I point to an exchange which occurred in the legislature of Ontario as recently as January 26 of this year. At page 25 of the Ontario *Hansard* the following appears during a speech by Hon. H. Leslie

Rowntree, Minister of Financial and Commercial Affairs of Ontario, dealing with the question of deposit insurance:

—it is the intention of this government to introduce legislation to cover the entire field and to occupy that position in the jurisdictional aspect or nature of the British North America Act which has been abdicated by the federal government.

Our intention is to see that legislation is made available by this government, to see that the people of this province are covered in this field and in this area, regardless of any technical detail of where jurisdiction lies.

Mr. Sopha: We should get out of the near banks field—

Hon. Mr. Robarts: Who is going to get in it?

Mr. Sopha: —and give it to the federal government.

Hon. Mr. Robarts: Will they take it?

Mr. Sopha: Certainly, they will.

Hon. Mr. Robarts: They could do it now if they wanted to.

I underline and emphasize that comment by the Premier of Ontario:

Hon. Mr. Robarts: They could do it now if they wanted to.

Hon. Mr. Rowntree: This is the point. Are they going to exercise their jurisdiction under the British North America Act or are they not? That is the question.

Indeed, Mr. Speaker, that is the question. Is this parliament going to exercise its jurisdiction under the British North America Act or is it not? In my submission the future health and development of our banking and commercial institutions is directly dependent upon this parliament occupying fully and occupying now its constitutional jurisdiction.

Where the government has gone wrong in this matter has been, in my view, in its virtual pigeonholing of the whole report of the Porter royal commission. In my view that report is one of the most distinguished state papers ever produced in Canada. It is original and provocative; it blazes new trails while upholding tried concepts. It is a cohesive, packaged document, each part of which is dependent upon the other for its purposeful rationale.

If the government had adopted the recommendations of the Porter commission, had acted boldly and wisely to bring the so-called near banks under the jurisdiction of this parliament, we would not have had this half-hearted, faltering bill before us today. We would have had the package deal which was contemplated by the Porter royal commission, a realistic, cohesive and workable charter for Canada's financial institutions in the ensuing ten years. Instead, in the Bank Act and in this allegedly complementary legislation which is to create the Canada Deposit Insurance Corporation, we have a hodgepodge of political compromise, a medley of economic expediency and political contrivance.

Even at this late date I want to plead this afternoon with the Minister of Finance (Mr. Sharp) to change his course and to ask parliament to occupy to the limit the federal jurisdiction in banking, financial and commercial matters. It is because I feel so keenly and so deeply that such a course is imperative at this stage of our development in Canada's centennial year that I propose to discuss with some precision, based upon judicial and other authorities, the constitutional problems involved.

In the second edition of his authoritative and scholarly work "Canadian Constitutional Law", Mr. Justice Laskin has this to say at page 590 about the jurisdiction of this parliament:

The B.N.A. Act contains overwhelming internal evidence of the conviction that money, banking and credit (in its public aspect) should be exclusively of federal concern. Among the enumerated classes of subjects in section 91 are (1), currency and coinage (head 14); (2) banking, incorporation of banks and issue of paper money (head 15); (3) savings banks (head 16); (4) bills of exchange and promissory notes (head 18); (5) interest (head 19); and (6) legal tender (head 20): these are in addition to federal power in relation to bankruptcy and insolvency (head 21). From the outset the courts took a broad view of the federal banking power. In Tennant v. Union Bank of Canada (1894) A.C. 31, the Privy Council declared that "banking" was "wide enough to embrace every transaction coming within the legitimate business of a banker"; and see also Merchants Bank v. Smith (1884) 8 S.C.R. 512. Its opinion did not vary over the years as is indicated in Reference re Alberta Bill of Rights Act, A.G. Alta v. A.G. Canada (1947) A.C. 503, where it reaffirmed a consistent course of decision that what is fairly included within the conception of "banking" is a matter reserved exclusively for parliament and this without any limitation to the extent and kind of business that was carried on by banks in Canada in 1867.

The basic issue is, what is "banking"? I have reviewed all the authorities in the courts, in the texts and in so far as I could find them in state papers and I propose to make reference to a number of these authorities. Without hesitation I submit, indeed I assert, that all authorities, with the exception of one court of first instance in British Columbia and one basically irrelevant decision in the Manitoba Court of Appeal, have given to the word "banking" the widest connotation, certainly wide enough to bring in the near banks and wide enough to make the legislation which is before us compulsory and imperative. I put it to the minister, does he

think for a moment the learned and distinguished Chief Justice of Ontario, a man with such experience both in the political and legal fields as well as the constitutional field, made his recommendation that near banks should be brought under federal jurisdiction without thought of the constitutional problem?

• (2:40 p.m.)

Sir, the most recent and authoritative discussion on the word "banking" was in the English Court of Appeal before a very strong court consisting of the Master of the Rolls, Lord Denning, and Lords Justices Harman and Diplock, in the case of United Dominion Trust *v.* Kirkwood, reported in 1966—you see this is up to date, Mr. Speaker—All England Reports at page 968. The issue there was whether United Dominion Trust was a money lender or a banker, and at page 974 Lord Denning pointed out that the parliament of Westminster—indeed like this parliament—had never defined the word "bank". He said:

> So one sees that parliament has conferred many privileges on "banks" and "bankers", but it has never defined what is a "bank" and who is a "banker". It has said many times that a banker is a person who carries on "the business of banking", but it has never told us what is the business of banking. It has imposed penalties on persons who describe themselves as a "bank" or "bankers" when they are not, but it has never told us how to decide whether or not they are bankers.

Lord Denning himself undertook to try to do that and at page 975, after considering all the earlier authorities, which incidentally are collected immediately after the headnote of the case and are very helpful to any student in this field, Lord Denning went on to say:

> There are, therefore, two characteristics usually found in bankers today: (i) they accept money from, and collect cheques for, their customers and place them to their credit; (ii) they honour cheques or orders drawn on them by their customers when presented for payment and debit their customers accordingly. These two characteristics carry with them also a third, namely, (iii) they keep current accounts, or something of that nature, in their books in which the credits and debits are entered.

These characteristics, I submit, Mr. Speaker, are exactly the characteristics of the deposit-taking business conducted by all the so-called near banks in Canada, however, these near banks may in fact be incorporated.

Lord Justice Diplock added these remarks which are to be found at page 986 of the report, and while I apologize for quoting at such length, I believe these statements are of sufficient significance to be put on the record:

> What I think is common to all modern definitions and essential to the carrying on of the business of banking is that the banker should accept from his customers loans of money on "deposit", that is to say, loans for an indefinite period on running account, repayable as to the whole or any part thereof on demand by the customer either without notice or on an agreed period of notice. Some verbal confusion and perhaps some misunderstanding of the less recent judgments may arise from the fact that an account kept by a banker of his customer's loans made without interest and repayable on demand, is nowadays generally called a "current account", while the account kept of his customer's loans made at interest and repayable only on notice is generally known as a "deposit account". Accounts of both these types, however, possess the essential characteristics of running accounts of "deposits" of money by the customer.
>
> Accordingly it is, in my view, essential to the business of banking that a banker should accept money from his customers on a running account into which sums of money are from time to time paid by the customer and from time to time withdrawn by him by cheque, draft or order. I am inclined to agree with Lord Denning, M.R., and the author of the current edition of Paget on Banking (6th Edn.) that to constitute the business of banking today the banker must also undertake to pay cheques drawn on himself (the banker) by his customers in favour of third parties up to the amount standing to their credit in their "current accounts" and to collect cheques for his customers and credit the proceeds to their current accounts. This view of the essential characteristics of the business of banking today is supported by the evidence of the witnesses who were unquestionably bankers who gave expert evidence in the present case.

That long definition of banking is one which I believe our Supreme Court, which pays the very highest respect to the English Court of Appeal, on this basis could not fail to hold that near banks in their deposit business are carrying on the business of banking, the regulation of which under section 91 belongs exclusively to this parliament.

I point out to the minister that Canadian governments in the past have not been so fearful and reluctant as the minister now is to assert federal authority. In 1906 the then minister of justice, Sir Allan Aylesworth, took specific exception to a Quebec act amending the charter of Imperial Trust Company authorizing that company to receive money on deposit and allow interest, and to purchase bills of exchange. In his report to cabinet Sir Allan said:

> The undersigned does not admit that these powers may be conferred by the legislature.

Similar objections were raised by Sir Allan Aylesworth in 1910 to a Quebec act incorporating The General Trust, and in a report of January 12, 1911 he expressed the opinion that the powers "infringed upon the subject of banking under any fair interpretation of the word". I emphasize Sir Allan's statement "under any fair interpretation of the word".

Since the provincial government of that day in Quebec refused to amend the act, Sir Allan in a further report dated May 23, 1911 recommended disallowance. At that time he said this, and I think this is a statement of some significance:

> The nature of the business of banking is part of the law merchant, and is judicially noticed. If from this business, as so recognized, be excluded the authority to receive money on deposit, to lend money to individuals, except upon the security of bills of exchange, and generally to do an exchange business, the undersigned—

That is Sir Allan.

> —apprehends that the peculiar business of banking would not only be affected, but very considerably diminished. The expression "banking" as used in section 91 of the British North America Act, 1867, is, in the opinion of the undersigned, intended to describe not only such powers as are inherently banking powers, but, also, those which were, under the laws of the provinces at the time of the Union, exercised by the banks in the carrying on of their business, and it includes everything within legitimate banking business as it is practised, or has been developed. It may be seen by reference to pre-Union legislation that the deposit of money at interest, and dealing in exchange were expressly authorized banking transactions in the province. Leading decisions in the United States, also, show that such powers are attributed to the banks in that country. In fact it seems impossible to suppose that these powers are not necessarily common to all well-ordered banking systems.

This opinion of an earlier minister of justice is, I think, of real significance and I wish that the present Minister of Justice (Mr. Cardin) would take as strong a position in advising the Minister of Finance.

Mr. Sharp: Mr. Speaker, would the hon. gentleman permit a question? I am very interested in his learned and well prepared discourse but I am a little curious how it was that these trust companies provincially incorporated came to exercise these powers to accept deposits.

Mr. Bell (Carleton): Mr. Speaker, I think the answer to that is very clear. It was solely by default of this parliament, a default which I think ought to be rectified. I am going to submit that if this parliament is prepared to move in—the minister will hear my argument as I develop it—then in the future under this legislation there will be no problem. I would point out to the minister, if I may—

Mr. Sharp: I should like to get the point clear, if I may. I gather that the act passed by the Quebec legislature was disallowed at that time. At what point was legislation introduced that was not disallowed?

Mr. Bell (Carleton): The minister has greater access to research facilities in that respect than I have and I would commend that particular research to him. I think the position is simply this, that it was due to default on the part of this parliament and on the part of the government. In this argument I care not which party may have been in office. I am talking about the fault of this parliament in not exercising what I believe are rights which properly and legitimately belong to it.

• (2:50 p.m.)

I point out to the minister that the question of whether Montreal Trust Company was a banking institution within the meaning of that term in an agreement to subscribe for shares that "this underwriting may be pledged or hypothecated with any banking institution" was discussed in Montreal Trust Company *v.* Richardson, (1921) 62 S.C.R. 617. The trial judge, Mr. Justice Rose, who subsequently became a great and distinguished chief justice of the Supreme Court of Ontario, and on appeal the Chief Justice of Canada, Sir Louis H. Davies, a former minister of justice, held that the trust company was a "banking institution" within the meaning of that agreement.

Further, sir, I think that the 1938 and 1947 decisions of the Judicial Committee of the Privy Council in the references regarding the various Alberta statutes indicate how wide is the federal jurisdiction under banking. In 1947 the Judicial Committee declared a statute of Quebec ultra vires which would have forfeited to the Crown in the right of the province as *bona vacantia,* deposits in "credit institutions and all other establishments which receive funds or securities on deposits," upon which no claim had been made for 30 years. The case is Attorney General for Canada *v.* Attorney General for Quebec, (1947) A.C. 33.

The reasons given by Lord Porter make it clear that the deposit contract is the heart of banking. The argument of counsel for the Attorney General of Canada, Mr. H. E. O'Donnell, K.C., a distinguished counsel and son in law of Right Hon. Louis St. Laurent, and W. R. Jackett, now the distinguished President of the Exchequer Court is, I think, most interesting. On page 35 I note this sentence from their argument:

> The Quebec statute strikes at the very heart and core of banking as used in section 91—the deposit contract and the rights and obligations flowing therefrom being a most essential part of banking.

There, in one sentence, is the pith and substance of my argument. The heart and core of banking is the deposit contract. That is why I assert that these deposit-taking institutions are under federal jurisdiction, and we in this parliament should assert our authority without equivocating.

Earlier in my remarks I said that there are two troublesome Canadian cases—troublesome to my argument. I believe in mentioning anything that is troublesome. The first case is in re Dominion Trust Company and United States Fidelity Claim, (1918) 3 W.W.R. 1023. The headnote reads:

> A provincial legislature has power to incorporate a company with the object of carrying on that branch of banking which consists of accepting money on deposits, paying interest thereon and allowing the customer to issue cheques against such deposit.

Personally I deny that and I submit that the parliament of Canada can intervene to stop this practice. This was a case before a single judge, Mr. Justice Murphy at trial, and the issue was never presented as to what would happen if parliament fully occupied the field. It is clear that grave injustice would have resulted in this case if Mr. Justice Murphy had held otherwise. The old maxim "hard cases make bad law" is especially applicable. In any event it is clear that Murphy J. had grave doubts about his decision because he said:

> In the absence of authority, I decline as a judge of first instance, to place a construction on that statute which would have disastrous results on the business of numerous provincial companies.

The other case is in the Manitoba Court of Appeal, re Bergethaler Waiseman—a corporation apparently from the constituency of the hon. member for Provencher (Mr. Jorgenson). The case is reported in (1948) 1 D.L.R. 761.

The company was incorporated by special act of the Manitoba legislature, with the usual powers of a trust company. For some 23 years it carried on business in the Mennonite community (1) as an administrator of estates and (2) as a deposit business, that is, receiving money on deposit, repayable on demand, and dealing with the money as its own. It went into liquidation and it was claimed that the actions of the company were ultra vires its powers under provincial legislation.

I point out that in this case, there are clear distinctions, of which two are most important. First, in this institution in Manitoba, no cheques could be drawn by customers on their own account; second, withdrawals were not in cash but by cheques issued by the company to its customers drawn upon a chartered bank. It was held that this company was not in the banking business, and I personally believe it was not. It is clear that it was not carrying on a true deposit business. This case has been referred to me on different occasions as the authority for the reluctance of the minister. I submit that it is no authority at all. I submit that neither of these cases is in any way an authority for weakening the exclusive legislative authority of this parliament over the business of banking coming within the normal and natural meaning of that word. I submit that meaning is clear and unequivocal and includes the deposit business of the near banks.

Sir, it may probably be said that I am making a lawyer's case this afternoon; perhaps I am, and I do not apologize for that. Perhaps that is needed from time to time in this chamber. In other days men trained at the bar were prepared to argue legal and constitutional issues in this chamber, and personally I believe we slough off such problems much too readily upon the vague and undetermined group yclept "the law officers of the crown".

I return to my original submission, and I advance it in all earnestness to the Minister of Finance, that the business of the near banks is banking within the meaning of section 91 of the British North America Act and as a result all such deposit business should be brought under the control of parliament.

I have shown that the Premier and the Minister of Financial and Commercial Affairs of Ontario apparently agree with my argument this afternoon. I say that this legislation should be made universal and compulsory for all institutions accepting deposits from the public. Unless it is, I submit this bill is defective and indeed may be mischievous. The legislation may result in a hodgepodge of deposit-taking institutions, with fantastic, dangerous variations across the country. There may be insured institutions in Ottawa and non-insured institutions in Hull, insured institutions in Sackville and non-insured institutions in Amherst. The provincial boundaries, I hope, are invisible in this country. In my opinion such a hodgepodge inevitably would lead to confusion. It might be mischievous and dangerous.

I say to the Minister of Finance this afternoon that there is still time for boldness and for wisdom on his part. Let him move in and occupy the full jurisdiction of this parliament. If he fails to do so he will cause irreparable harm to our financial institutions which have

been, traditionally, among the soundest and most progressive in the world. Their integrity, their future development, are imperative to our national development. Let not the hon. member for Eglinton fail them today.

• (3:00 p.m.)

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I want to ask the minister one or two questions before he closes the debate. I note that the corporation may declare a dividend from time to time at an annual rate. Is this to be paid only on the amount of authorized capital, the ten shares, and will the Minister of Finance (Mr. Sharp) receive all the dividends declared by this corporation from time to time or can an interpretation be placed on this section that would allow the corporation to pay dividends to some of the companies, banks and so on which pay funds into it by way of insurance premiums?

[*Translation*]

Mr. Gaston Clermont (Labelle): Mr. Speaker, I would like to say a few words on Bill No. C-261, particularly about the definition of the word "deposit". The bill says that the board of directors of the corporation will be able to set up regulations about the definition of the word "deposit". Are we going to be guided by the experience of other countries and say that there is a demand deposit, a time deposit or a savings deposit.

I know that the role of the opposition is to criticize all bills introduced by the government, but I feel that in introducing Bill No. C-261 the government has taken a step in the right direction. In fact, clause 14 stipulates that when this legislation is implemented all federally chartered business institutions must take part in that program and that all the provincial institutions will be able to take part in it if they so desire. I think, Mr. Speaker, that the public will be able to force the provinces to participate when a federal organisation has announced that deposits up to $20,000 are insured. I do not agree with the hon. member for Compton-Frontenac (Mr. Latulippe) when he tells the house that deposit insurance will be adopted to protect financial institutions. To my mind, that theory is far remote from this bill, because if the Canadian parliament passes deposit insurance, it will do so to protect the savings of the public.

Clause 13 of the bill stipulates that when the corporation is called upon to reimburse deposits, it will do so to the depositor and not the financial institution. I feel that the maximum of $20,000 is adequate when compared with the $10,000 maximum provided for by deposit insurance in the United States. The plan of the Federal Insurance Deposit Corporation in the U.S.A. covers 97.2 per cent of the accounts of the finance companies belonging to that corporation, and provides a maximum coverage of $10,000.

With regard to the premium mentioned in Bill No. C-261, namely $500, that is 1/30 per cent, it proves most reasonable when compared with the one provided for by deposit insurance in the United States, their premium being 1/12 per cent, and because of the discount, it really amounts to 1/27.

In Canada, as I have already said, we would start with a minimum premium of $500 or 1/30 per cent, and the bill states that, after a few years, it could be reduced. The minister will recall that in my opening remarks, I mentioned the definition of "deposit". When he comes before the committee on finance, trade and economic affairs, I trust he can give more information to the members of the committee and, at the same time, to the Canadian parliament. I shall ask certain questions and request certain details, as some members have already said they would do, when the bill is referred to the committee for study.

[*English*]

Mr. Fulton: Before the minister closes the debate perhaps I may be allowed to put a question to him. I regret having omitted it from my remarks this morning. I pointed out earlier that institutions already under federal control, about whose integrity and ability to meet the demands of depositors there was never any question, namely, the chartered banks, were among those institutions whose membership under this system is to be compulsory. On the other hand, the membership of companies with whose affairs the legislation might be thought to be most directly concerned is left as a matter of voluntary association on the part of those institutions.

Admitting the minister's view that the membership of the chartered banks is necessary in order to make this scheme workable—I understand this is one of the premises of his position—would he not consider the possibility of a differential in the amount of the premium required? On the one hand the scheme includes institutions which are sound and which from the standpoint of security need not be members of this institution, and on the other it includes institutions about whose position there may be some question.

Membership on their part is voluntary. Would not the minister consider that a lesser percentage should be extracted from the chartered banks than from these other institutions? Chartered banks have larger deposits and a smaller percentage would still produce substantial revenues to the fund. It seems to me that to take this course would be an equitable way of relieving the burden of support placed on companies which are not those for whom this scheme was designed.

The Acting Speaker (Mr. Richard): If the Minister of Finance speaks at this time he will close the debate.

Mr. Sharp: Mr. Speaker, may I first thank the house for the way in which it has proceeded to debate this bill and to give it careful but not too prolonged attention. I am grateful for this because I believe it is important to proceed with this legislation as soon as possible.

First, may I comment on the remarks made by my learned friend the hon. member for Carleton (Mr. Bell) who gave us a most interesting and erudite discourse on the meaning of banking within the British North America Act. I hope his view of the ambit of the banking clause is justified. As he admitted, however, there are some doubts. There are some learned people who even disagree with my learned friend from Carleton. Perhaps if he had spoken first they would not have had the temerity to do so. At any rate he does agree there are some who do not share his views or the views of the other authorities he quoted.

• (3:10 p.m.)

I am inclined to agree with him that the powers of parliament over banking are very extensive. Why then have I hesitated so far to proceed with legislation? I have felt that even though it might have been possible to go further in extending our legislative jurisdiction over banking it was important, first of all, to deal with urgent problems, and one of the urgent problems is the insurance of deposits, something upon which there has been widespread agreement in the house. I believe it is important, at this stage of the development of our financial institutions, that the ordinary citizen, who is not in much of a position to tell the difference between the financial worth of the institutions that are competing for his deposits, should have some assurance that his savings are not going to be

[Mr. Fulton.]

destroyed by depositing them with an institution that founders either because of lack of liquidity or because of bad management.

If we had proceeded otherwise, if we had proceeded on the assumption that our legislation extending jurisdiction in the field of banking would be valid, we would nevertheless risk the possibility that, notwithstanding the confidence which we might have in all the authorities, including the hon. member for Carleton (Mr. Bell), about the scope of federal jurisdiction, someone would have the temerity to challenge it, in which case there would have been long delays while our legislation was being tested in the courts before it could become effective. Therefore I felt it was important that we should proceed along lines that I believed would not arouse such a challenge.

Moreover this is the reason why, in the legislation that is before us, we are requiring that the provinces should agree before any provincial institution accepts deposit insurance. We do not want to risk the possibility of a challenge which would interfere with the extension of deposit insurance as quickly as possible to as many depositors and as many institutions as possible.

From the discussions I have had personally with provincial ministers and that my officials have had with provincial officials, I know that in practically all of the provinces of this country there is a desire that this legislation come into effect immediately. The Attorney General of the province of British Columbia has said that he will recommend that institutions which accept deposits in that province should be compelled to take out federal insurance. I am hopeful that other provinces will do likewise because nothing will serve better to make this system universal throughout the country than declarations like that by various provincial governments.

I say that because a provincial deposit-taking institution may be able to get some insurance for its deposits within the province of its incorporation, but I do not think that any province would have the power to insure deposits taken by its institution in another province. Therefore if the province of British Columbia, for example, were to compel all deposit-taking institutions, whether British Columbian, federal or provincial, to be federally insured, then a trust company incorporated, say, in the province of Quebec would be unable to accept deposits in the province of British Columbia unless it were federally insured. This is the argument for federal jurisdiction in this field.

It is important that we should have uniform financial regulations, uniform banking regulations and uniform laws in relation to banking generally. I do not dispute this point at all. However, Mr. Speaker, I do suggest to the house that this is the practical thing to do under existing circumstances in order to extend the kind of protection and inspection that is so much needed across the country.

There are one or two other points upon which I should comment. First, I should add a word or two to what I said in my opening speech with respect to the interim arrangements. I have made two proposals, one of which is in the bill and the other in my speech. In the bill it is provided that provincial institutions may be insured with the approval of the provincial authorities, the provincial governments.

I also said in my opening speech today that in order to expedite the extension of insurance to provincial institutions it was contemplated that the Canada Deposit Insurance Corporation would be prepared to cover all the deposit-accepting trust and loan companies of a province if the province concerned so requests even before the corporation has made an examination into the affairs of the individual companies and ascertained if they are eligible to pay for insurance.

I went on say that the provinces will be expected to accept some share of financial responsibility during the period while these institutions have not been examined to see whether they comply with the requirements of the corporation itself. I think this is a proper step to take because I feel it is most important the scheme should come into effect as soon as possible and that it should come into effect uniformly.

I do not believe it would be adequate to bring institutions in as we find the time and the men to do the inspections. I believe we will have to take some chances and bring in the provincial institutions even before there has been adequate time for this work. If a province agrees to this and makes some arrangements about sharing the financial costs or losses, then we can accomplish our major objective.

Some question was raised about the definition of deposits. It is a very technical question. I hope we can defer it until we get the bill before the committee on finance, to which I intend to refer it after second reading.

The hon. member for Medicine Hat (Mr. Olson) asked me who will receive the dividends of the corporation. The answer is that I will as Minister of Finance. These accrue only to the federal government; there are no other shareholders of the corporation.

The hon. member for Kamloops (Mr. Fulton) asked if I would consider the possibility of a differential in premiums because of the difference in risks. We gave some consideration to that possibility but we discarded it because, even though we are confident our federal institutions are sound and are adequately supervised, there may be other provincial institutions that are equally sound, and the problem of trying to differentiate between the financial integrity of institutions would be beyond the capacity of the corporation. Therefore we have decided that it would be better to have a uniform premium.

I thought that in the course of his remarks the hon. member for Kamloops suggested that the only pressures were coming from the, shall I say, less viable institutions, from those institutions whose standards are not as high as the banks and federal trust and loan companies. This is not altogether true. Perhaps the best example is what happened the other day with the Montreal City and District Bank, which is probably one of the soundest and most conservatively managed banks in the country, and yet there was a run on it. That run was based on ignorance but these things can happen in the best regulated institutions. The existence of deposit insurance would have prevented that run. The depositors would have known that their money was safe. This is an argument altogether apart from the question of improving the financial standards of institutions for deposit insurance on a universal basis.

I think that is enough for me to say at this time, Mr. Speaker. When the bill is before the standing committee on finance I shall have a few minor amendments to propose to it.

• (3:20 p.m.)

Motion agreed to, bill read the second time and referred to the standing committee on finance, trade and economic affairs.

CANADIAN FILM DEVELOPMENT CORPORATION

PROVISION FOR DEVELOPMENT OF FEATURE FILM INDUSTRY

The house resumed, from Friday, January 27, consideration in committee of Bill No. C-204, to provide for the establishment of a Canadian Film Development Corporation—Miss LaMarsh—Mr. Richard in the chair.

The Acting Chairman (Mr. Richard): When the committee rose on Friday, January 27, clause 2 of the bill was under consideration.

On clause 2—*Definitions.*

Mr. MacDonald (Prince): Mr. Chairman, before we pass clause 2 I should like to make one or two comments. On Friday last we were discussing this matter, and I should not like to accuse the minister of misleading the house but when hon. members on this side requested that an opportunity be provided for individuals interested directly in this legislation and its specifics to comment and make their representations to the appropriate committee of the house the minister said, as reported at page 12375 of *Hansard*:

> Mr. Speaker, I have received absolutely no representations from any source asking for such a matter to be referred to committee.

Obviously if one takes the literal meaning of that sentence, as I am sure the minister does, that would be correct. What is misleading is that in the past few months a number of requests for interviews with the minister have been made, particularly by the Directors' Guild, in order that they could discuss the specifics of this measure. For some reason or another the minister was not able to meet with representatives of that guild. This is not only an unfortunate situation but one that is rather odd.

The bill now under discussion will establish a feature film industry in this country. Surely no one is unaware of the difficulties involved in establishing a feature film industry in a country such as ours with such a small population. There are not that many people here who have any concern in this matter and, what is perhaps more important, there are few who have the ability to make a feature film industry a reality.

The majority of people interested in this measure are directly involved or connected with associations such as the Directors' Guild, and it seems very strange and disappointing that the minister should adopt what I can only term as a cavalier attitude toward these people who are trying to work within the framework of this particular legislative measure. To my knowledge there has been no real attempt on the part of the minister in the last six months to meet with these people and hear their representations in respect of the bill. It is my hope that what I can only refer to as bad faith on the part of the minister will become good faith as we move toward the implementation of this program. On behalf of the members of this house I sincerely request the minister to adopt a more sensible and purposeful attitude in respect of representations which have and will be made. I hope she will show some positive reaction in this regard.

Subclauses (d) and (f) refer to a film-maker and film technician as individuals creatively engaged in film production or engaged in the technical or administrative aspects of film production. I should like to know whether or not this definition would include what might be classified as film writers, those people who actually write the script upon which a film is based. This is important inasmuch as script writers create the starting point of any feature film. For that reason I hope this definition does include these people, and I seek some clarification of this matter.

Miss LaMarsh: I am informed it does, yes.

Mr. Starr: Mr. Chairman, I should like to ask the minister for some clarification about eligibility for assistance. A few years ago a group of Canadians of Ukrainian origin in the city of Oshawa and district organized a Ukrainian film club. They undertook to produce a film of feature length on a voluntary basis. They used their own technicians, directors and photographers. This group produced a feature film entitled "The Cruel Dawn", which depicted the Ukraine immediately after communist domination and the activities of the partisans, nationalists by nature, who resented this occupation. The film was made in and around Oshawa. I had the pleasure of viewing it. Its running time is about three hours and ten minutes and it is in colour.

This group worked on a purely voluntary basis and substantial expenditures were made out of their own pockets. It was a very wonderful and worth-while achievement and it highlights the efforts of Canadian groups who have an interest in projects of this kind.

My particular concern is whether or not such groups may receive assistance under the provisions of clause 10. This particular group is so enthusiastic about its first success it is considering another feature length film project. Perhaps the minister can indicate whether a group of this type will be eligible for financial assistance under the terms of this measure.

Miss LaMarsh: Mr. Chairman, I am sure the hon. member will see in looking at clause 10 that the terms are wide enough to include that type of project. However, as other hon.

members have mentioned at earlier stages of this bill, the real crux of getting any kind of film business going in this country is the question of distribution.

• (3:30 p.m.)

Whoever is the person appointed to act on behalf of the board to be appointed and hand out public moneys by way of loan, grant or purchase of a share will have to be certain that the product will be seen somewhere. I do not know what the Canadians mentioned by my hon. friend may have done in the way of distribution, whether it was done through libraries, Ukrainian societies or something of that kind, but I do not think it has been considered that that kind of distribution would be sufficient. I suppose that distribution would have to be related to the amount of money being sought. Where the amount of money was small and perhaps 200 film societies were involved, it might be something the board would accept, but if a large amount of money were involved and perhaps only half a dozen people were involved that might be another matter. Each package would have to be looked at by the board.

I would hope, as I said before, that they will look at these matters with a pretty cold eye without being completely bankers, because if we wanted ordinary bankers we would not be setting up this board. The board will have to take a chance on something; otherwise films like "Tom Jones" would not be produced. In other words, it is not a matter of just getting rid of $10 million of tax money.

If I might answer the first speaker, I have not seen the Directors' Guild. I have not had very much time of late to see people, particularly since the beginning of centennial year. But yesterday or the day before I sent a telegram to the president of the Directors' Guild inviting him to see me at the beginning of next week. In any event, I undertake to see him before I appoint the officers who will deal with this program and before the regulations are set up. After telling the house last week that no one had asked to have this matter taken before a committee I checked again with every member of my staff who is concerned and ascertained that this is correct. No one has asked to appear before a committee. The burden of the representations we have received has amounted to: Get on with it, pass the bill, set up the board, and let us get into business.

Mr. Brand: Mr. Chairman, I should like to make a few remarks on clause 2 of the bill. In doing so, at the outset I would say that I thoroughly agree with the motives of the minister and of this legislation in attempting to set up a truly Canadian feature film industry. As I look at clause 2 I can see its many advantages to film-makers in this country. It will give an opportunity to our creative artists, writers, producers, technicians, and what have you, to produce feature films.

Over the past few months on the few occasions this matter has been before the house in resolution and bill form many eloquent speeches have been made. I have no desire to be repetitious in this regard, but would point out that while Canada would rate only a footnote, I suppose, in any book on the world's best motion pictures, films have been made in this country since before 1900. That is a long time ago. So we already have a good basis in this country on which to build a feature film industry.

It may be of interest to hon. members to know that from 1917 to 1930 feature motion films were made in Canada. They were filmed in Ottawa, Montreal, Trenton, Cobourg, Toronto, Calgary, Fort William, Saint John, Banff, Vancouver and Victoria—in fact, all across the country. These were not shorts and productions of that nature, they were feature films. Admittedly, many of them were failures and did not make much money but some of them did make money. It is an interesting sidelight to note that the most expensive and ambitious of these was a film called "Carry on Sergeant", filmed in Trenton, Ontario. It cost $500,000, which was at that time, and is still, a considerable amount of money. At that time it was a very large sum indeed. Unfortunately in the United States, at exactly the time this silent film was to be distributed, a film called "The Jazz Singer", starring Al Jolson, appeared and opened the era of talking pictures. That was, of course, the first talking motion picture. As a result the Canadian production "Carry on Sergeant" was not able to carry on at all and fell flat on its financial face.

We are all aware of the success of the National Film Board, Crawley Films and other private companies. I will not go into that matter further. So we do have an honoured tradition in film making in this country. It is possible, and I emphasize the word "possible", to make Canadian films with Canadian people involved. It will probably come as a surprise to the minister to realize that in my home constituency of Saskatoon, the garden city of the prairies, if I may speak with pardonable pride, even there in the vast expanses of

western Canada we have a budding film industry. We have there, under the very capable direction of Mr. Richard Savage, a theatrical company known as the Circle in the Centre. Incidentally, it is a professional theatrical company and is in better financial condition than any other such company in Canada, including the Neptune in Halifax and certainly the Crest in Toronto. Our professional theatrical company is in the black and has already produced one talking picture. Admittedly it is only half an hour in length, but nevertheless it is of excellent quality. This is a beginning of what can be achieved in this part of the world. This illustrates the fact that we have a very useful motion picture industry in western Canada.

I should now like to return to my earlier statement that it is possible to make Canadian films with Canadian personnel involved. I say it is possible, but is it probable? If we pass this bill, as I am sure we shall, will we be providing loans or backing for Canadian film-makers, producers, technicians and what have you? Frankly, Mr. Chairman, in the present situation I do not believe this is probable. What we will be doing is providing money to film-makers and technicians in Canada, but the choice of who is to be involved in these productions will be strictly under the control of a union in the United States of America.

Clause 2 of the bill defines film activity, film-maker, film production and film technician. When one considers this matter one finds that these people are controlled from New York. Are we going to give money collected through taxes on our people to a Canadian film industry and then have no say or have our say interfered with by an international union with regard to who shall be involved in production? This is a problem about which I am sure the minister is more than aware. I have grave doubts about voting for a bill that will provide money for a Canadian film industry which, as I have said, will actually be controlled from New York, Chicago or Hollywood.

Until that matter is settled this bill will be just another example of subsidizing the United States by tax dollars from Canadian citizens, and I think this is deplorable. Anything which militates against Canadian sovereignty I must in all conscience oppose. I see the minister is nodding her head. I know she knows the union to which I am referring, the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada, known shortly as IATSE. When you listen to the word IATSE you realize it has a certain connotation which will be obvious in a moment.

• (3:40 p.m.)

As I have mentioned, its headquarters are in New York, Chicago and Hollywood. Admittedly the union of electricians and stage hands based in Toronto does have some Canadian autonomy and is able to make some decisions based on Canadian problems. However, I would defy anyone to produce a film without cameramen. It is very difficult indeed. Local 644 in Toronto is merely a branch. The headquarters of this union are in New York and all the executive officers reside there. Its interests are United States interests, not Canadian. For example, the contract which the producers of a film in this country sign must be dictated by New York. This is certainly true in the eastern part of Canada. I believe it is true that one of the sections of the contract states that there shall be no use of British cameramen or other technical personnel in the production of a film unless specifically agreed to by the New York headquarters. Of course in most instances they will not agree. In other words they say: Do as we say or we will throw a picket line around you and put you out of business. This is what has happened.

I have before me a brief presented by the Canadian film cameramen's local to IATSE. I should like to read into the record part of what the Canadian film cameramen say about this problem. It appears on page 3 of the brief which was presented in 1964. May I say to the house once again that the problems I am delineating today will be brought before the executive officers of IATSE this evening in Toronto. The brief reads in part as follows:

> Canadian cameramen are getting no professional recognition because when a producer wishes to use a union crew in Canada he must contact the New York or Hollywood local and these locals would give preference to their own American members. In fact, they have done little for the film cameramen employed in Canada, and as far as that goes, in the Canadian film industry generally. It is understandably so if you consider that their own organizers and business agents are concerned mainly with the affairs in the United States which are vastly greater than the problems in Canada.

Then the brief goes on to describe the problem which they had in Toronto with a local business agent from New York who came to Canada and created such a terrible impression that they got together and threw him out.

At the top of page 4 the brief goes on to say:

> Moreover, the interest of the United States locals 644 and 659 are diametrically opposed to the interest of their Canadian members. To the American cameramen's locals, films for T.V. and features made anywhere outside of New York or Hollywood are second rate, and an encroachment of their security and they would be quite happy to see Canada without any film industry whatever.

What a formidable obstacle to place before the best intentioned bill of the minister which we are discussing now. With such an obstacle it will be very difficult to establish a truly Canadian feature film industry. Unfortunately, as the minister knows only too well, the problem is still before us even as we discuss this bill. This group has asked, and is asking again tonight, that local 644 allow the Canadian cameramen to form an autonomous Canadian union so that Canadian problems can be decided here and not in New York. The brief continues:

> Moreover, we feel that if the charter was granted to those in Canada that the International would, in fact, make a real contribution to the development of the Canadian film industry.

It can be asked: why do they not join another union or form their own? As the minister knows, it has been tried. They have not been able to get local autonomy. They went to Claude Jodoin of the Canadian Labour Congress but he refused to interfere. He said it was a local problem. After all, we must recognize that the C.L.C. is also affiliated with some United States unions. Perhaps this is understandable. Some employees of the Canadian Broadcasting Corporation and of the National Film Board have formed a local union with the C.N.T.U. However, I will not go into details on that. The whole matter is in a state of flux right now. In looking at this bill one might say that it is a wonderful idea to have film-makers, film technicians and film producers creating Canadian films. Yet this will not actually happen until something is done to overcome the problem of United States domination of the Canadian film industry. Our Canadian sovereignty is a matter of paramount importance which must be settled before this bill goes into effect. I would certainly like to hear the minister's view on how she intends to do this before money is allotted to Canadian film-makers.

In *Saturday Night* of September, 1966 there was an excellent article describing the situation. The headline reads: "Thanks, Yanks, For All That You've Done, or Why There Isn't A Canadian Feature Film Industry". The article is written by Harold Arthur. The subheading reads: "Unless A big American Union Called IATSE Is Forced To Re-assess Its Role, The Industry Is Doomed". I have spoken to film cameramen in this country, as I know the minister has, and they agree with this assessment.

Of course the matter of distribution is very important. The minister knows only too well that every feature film that is produced must be 99.441 per cent IATSE—like the soap—and must have a IATSE seal before the distributors will touch it. What can this union do if we do not go along with them? As is stated on page 1 of this article:

> In effect, what IATSE demands is that Canadians should play by American rules, but with none of the Americans' advantages...In other words, as far as IATSE is concerned, we are not supposed to make features at all.

Farther down it reads:

> Whether they admit it or not, IATSE in Canada owe first allegiance to headquarters in the U.S.A.

There is one pungent comment here regarding what some of the members of the local would not do without first getting permission from the United States, but in the interests of parliamentary usage I will refrain from quoting that portion of the article. However, I would like to read an example of what a big United States union can do to a Canadian production. The article reads as follows:

> As an example of what the cameramen can do when they have the help of the 873 members—

That is local 873, composed of electricians, etc.

> —there was the incident last summer when a crew from Labrinthe (the National Film Board's contribution to Expo) arrived in Toronto to film a circus sequence at Maple Leaf Gardens. Telling the story, Cole, the Toronto business agent—

I understand the minister knows him very well.

> —comes on as the unhyphenated Canadian. "This was supposed to be a Canadian project for all the world to see," he says, "and we thought they should have a Canadian cameraman". What happened was that IATSE objected to the presence of Walter Lassaly, internationally renowned British cameraman (Tom Jones, Zorba the Greek), who had been hired by the Film Board specially for the project. "We have Canadians right here who could have done the job as well," said Cole, "so we threw them (the National Film Board) out of the Gardens. I'd do it again if I had to."

• (3:50 p.m.)

Since Cole had the support of IATSE electricians at the Gardens there was nothing the Labrinthe people could do. Had they tried to start filming, IATSE could have pulled the switch and put Gardens, circus, and spectators in darkness. The Film Board retreated.

The author of the article goes on to wonder if they would have objected as strongly if Lassaly had been from the United States. I continue the quotation:

> To Canadian film workers, that's a wonderful straight line. What puts a final, baffling seal to it all is that the circus sequence was eventually filmed successfully in Milwaukee, in the good old U.S. of A.

This is a classic example of what can be done. You may perhaps wonder, Mr. Chairman, why with the tremendous power this union exerts on Canadian cameramen they would want to join that union or have a local here. Why would they not be happier with their own organization in this country, because the distributors undoubtedly would distribute film as long as there was a union label on it? I think the answer is an honest one, and it comes from these cameramen. They need the help and the experience of the cameramen and others in the IATSE organization in the United States. They need their help. If they get an autonomous local here, they need to be able to go back and forth and ask for help. They need to have this type of experienced help in order to build up a reasonable film industry.

In addition they need the right, and it is in the bill, if they want to make a contract with British film-makers to be able to do so without IATSE excluding the British film-makers. I think this is a serious problem of Canadian autonomy and it relates to what we are going to do with the $10 million and whether it is going to be controlled from the good old United States.

I am sorry the Minister of Manpower and Immigration is not in the house because with his vast experience with unions he could perhaps shed some light on what could be done about urging the union, with its headquarters in New York, to allow an autonomous union here. Perhaps something could be done through the Department of External Affairs with the Secretary of State of the United States to urge upon the union the necessity for allowing a totally autonomous Canadian branch. I feel this is a very difficult question with which to deal. I should like to hear what the minister has to say on this important question. I, of course, support the principle of the bill the minister has introduced because I believe in the idea. I believe it is a marvellous idea. However, I feel we must be able to make these films without any United States strings attached.

Mr. Prittie: Will the hon. member permit a question? Without deprecating any of the points he has brought out in his speech, I may say it sounded very much like a speech the new Minister without Portfolio might make. Would the hon. member suggest to the federal government and to the ten provincial governments that they pass laws declaring that all unions and businesses within Canada must immediately become autonomous? Is this what he wants?

Mr. Brand: I do not think that has anything to do with the problem here. I believe the fact of the matter is, that we are providing public money to set up a business. If we are going to attempt to have a completely Canadian film industry, how can we have it if the decisions as to how that film industry is going to be run come from New York, Chicago or Hollywood? I think that is the key. I am not attacking the unions or anything else. What I am attacking is the concept of one union in another country having complete control of the actions of an industry which will be supported by public funds. I think that is a very important concept. As you know, local 873 is autonomous but local 644 is merely a branch of the New York union. When the executive is referring to this union they go so far as to delineate the area of the branch as extending to the northern boundaries of Canada. This is the way it is put now. This may sound like a choice for Canada but I think it sounds more like a choice for the House of Commons at the moment.

Mr. Prittie: I do not dispute the points the hon. member makes. They are valid. However, there are many aspects of Canadian life such as unions, businesses and so on, so how is the hon. member going to solve the problem? Is it going to be solved for this industry only or does he suggest this action for all industries?

Mr. Brand: Quite frankly, being a Canadian I should like to see all unions in this country have autonomy over their own affairs in cooperation with unions in other countries. However, I do not agree and I would never agree that any group in this country can or should be controlled from another country. I think it should be totally Canadian. We have sovereign rights over the whole of the country.

The Deputy Chairman: Shall clause 2 carry?

Clause agreed to.

On clause 3—*Corporation established.*

Mr. Prittie: Clause 3, Mr. Chairman, deals with the establishment of the corporation. If I may, I should like to refer to clause 4, the appointment of the members and chairman of the board. Is it the intention that the chairman shall be the government film commissioner?

Miss LaMarsh: No.

Mr. Prittie: Is it the intention that the chairman of the board shall receive any payment other than ordinary expenses?

Miss LaMarsh: No.

Mr. Prittie: In that case, Mr. Chairman, I suggest that this might be changed. It seems to me that the person who will be chairman will be quite active in consultation from time to time with the executive director of the organization. I thought of this yesterday when we were questioning the director general of the British Broadcasting Corporation. They too have a chairman, a layman, in addition to the executive. Their chairman is required to do a great deal of work for the corporation in dealing with the executive staff. He does receive an indemnity in addition to his expenses. I wondered about this because if a person is coming to Ottawa, or wherever the headquarters will be, and spending a great deal of time away from his ordinary occupation, then some type of indemnity ought to be considered.

Miss LaMarsh: I can only draw an analogy with the current situation in the film board. There is no film commissioner at the moment but the two acting commissioners and the chairman of the board, designated by the board in the absence of the film commissioner, do not receive any additional fees. It is expected that the film development board will, of course, have to meet fairly frequently at the beginning to set out its regulations and procedures, but thereafter it is expected the chairman will be like the chairman of many other boards such as the Canada Council, and will be someone who is sufficiently interested in it that he will serve with energy and enthusiasm but without a stipend.

Mr. MacDonald (Prince): I was glad to hear the minister say that the government film commissioner would not be chairman of the Canadian Film Development Corporation. However, I think it is somewhat strange that the film commissioner is a member of the board. Clause 5 states quite clearly that no person is eligible to hold office as a member of the corporation who has, directly or indirectly or as a shareholder, partner or otherwise, any pecuniary interest in commercial film activity. What we will have on the board will be people with some experience in the arts generally or in some aspect of business other than one directly related to the production of films. Yet one member of this board will not only be knowledgeable in this field but will be responsible for one of the largest film companies in this country, the National Film Board.

• (4:00 p.m.)

I would say that this makes for a very difficult situation at best. I remember when some years ago the government of another day set up two positions, one being the chairman of the National Film Board and the other the government film commissioner. It was clearly defined that these were two separate positions, each with its own responsibilities; but through the years there came to be a kind of melding and finally the person who was chairman of the film board was also the government film commissioner. I think this has created some little difficulty from time to time.

I am very much afraid that on a board of this type, where one person would have experience and I would say an advantage in certain aspects, there might be very great pressure on the government film commissioner to take over as chairman. If he did not take over as the legal chairman he might become a kind of de facto chairman.

There is also the increased danger—and I think it is a danger—that it would then open up the way for the National Film Board to become a producer of feature length films, and there is nothing in the present films act passed some four or five years ago to prevent this. It has been doing this in the past and there is no reason to believe that it might not want to do feature films in the future, as it does seem one of the major sources of exposition.

Frankly, Mr. Chairman, I find it difficult to justify in my own mind, when we are establishing a feature Film Development Corporation—which is basically a business enterprise and I think must be regarded as such—the proposition that it should be tied to a crown corporation which is in the business of making movies for various government departments and various cultural agencies of the government, and is committed to a certain

task, yet is in a very restricted field of activity. To give the National Film Board a privileged relationship I am afraid will impede, in fact inter, the development of what must become a businesslike proposition.

Frankly, Mr. Chairman, the minister has not yet justified to my mind this afternoon the necessity for having a government film commissioner at all as a member of this board and giving him this particular advantage over the others who, as it is stated very clearly in the bill, have no direct interest in or relationship to the motion picture industry.

Miss LaMarsh: Mr. Chairman, I have not discussed this particular point with the officials who were advising us in the drafting of this legislation, but I think that the purpose of the presence of the film commissioner is a fairly clear-cut one.

As the hon. member probably knows, countries may sign cultural agreements. Canada has already signed a cultural agreement with the Republic of France. Such an agreement has been under negotiation for some time with the United Kingdom and with Italy; and I discussed this with the appropriate minister and officials while I was in Italy in the fall.

The signing of such agreements will also permit the signing of co-production agreements between countries. Once those agreements are in force the individual agreements between individual companies may be made. The co-production agreements are, we feel, particularly important because again they are the key to distribution abroad, particularly in countries like Italy where the actual movie houses themselves are owned or influenced by the state. Such agreements can guarantee that Canadian movies at once have entrée to all of the hundreds and hundreds of movie houses throughout Italy.

So the film commissioner, Mr. Chairman, as the managing head of the film board is the person responsible for advising my office and the government generally on co-production agreements and cultural agreements which may involve film work. He is the adviser to the government apropos of films, and it was thought most appropriate that he be there.

However, there is no suggestion—though I think from time to time this may have been raised—that the film board would attempt to strangle this industry to preserve itself. Indeed we think that what may very well happen is that some of the film makers on the film board themselves may, in a sort of moonlighting or part time way, go out and make their own films and apply for a grant or a loan of one kind or another.

We hope that the two corporations will provide two different slices of the needed pie to produce films for various purposes within and without the country. I really cannot suggest any reason for thinking that there will be any kind of conflict or that the commissioner would have a weighted position on the board. He will simply be there to liaise—and liaison is very important—in the matter of information and expertise between the film board and this new board with respect to eventual agreement.

Mr. MacDonald (Prince): If I may, Mr. Chairman, this is the very thing I was afraid of, and the minister has spelled it out very clearly. The government film commissioner, who will be a member of the board, will in fact be involved in very serious negotiations. The minister mentioned co-production rights, which will become more and more important to a country which seeks to enhance and develop its own feature film industry; but in saying this she indicated the very source of what I think will be a major problem.

I think it would be acceptable—at least, at first glance it is acceptable—if the government film commissioner were put into an independent position. But, in effect, the government film commissioner is the managing operator of the National Film Board and thus is, at one, both going to carry on very consequential negotiations for this feature film corporation and also run a motion picture company of his own.

Miss LaMarsh: Mr. Chairman, may I just correct that. He is not going to be carrying on negotiations for this new board. These negotiations are conducted between this country and another country, and he is the adviser to the government when it is dealing with other governments in executing these agreements. The agreements are over-all agreements. As far as the individual agreements are concerned, a person may come along who wants to produce a film, and he will have to make his own agreement with somebody else in another country in the over-all framework. These co-production agreements are pretty general; but the commissioner will have nothing to do with the specific agreements which will have to be engaged in.

Mr. Prittie: Mr. Chairman, I am not worried about the point that the government film commissioner will be on the board of the corporation; I think he should be, though I do

not think he should be chairman. I did ask the minister about this and she gave me the assurance that this was not the intention.

One of the points the hon. member for Prince made was that the government film commissioner is the representative of an agency which will be a competitor in the feature film industry. I brought this point up two weeks ago in a question to the minister. I stated that there had been some complaint about a current production of the National Film Board, which is co-operating with the C.B.C. in the making of a film in Quebec and in Vancouver called "Waiting for Caroline". This is a feature and entertainment film and there had been some complaint about it.

I have not asked for a legal opinion whether or not this is within the mandate of the National Film Board, but I suggest that the problem will probably be self-correcting. As a feature film industry develops in this country those in the private film industry will probably ask the government to restrict the feature film industry to the private companies and the National Film Board to the documentary, educational, information type of film.

As I said last week, the thought of the National Film Board making feature films in co-operation with the C.B.C. does not bother me; but I am sure that, once we do have a private feature film industry, that industry will insist that that particular field be reserved to them.

• (4:10 p.m.)

Mr. Brand: I wish to ask the minister a question, as she mentioned co-production and the film commissioner. Will he be the one to advise on union problems which will arise? I ask this question because I did not hear her comments on this very serious problem I outlined a few minutes ago.

Miss LaMarsh: I would not expect that any one member of the board would be advising on this. Problems such as this which may occur may not be problems to be dealt with on a production by production basis. Some of the threats made are that there might be no distribution if union members are not used, because of agreements between the union in New York and a major distribution company. My response to such a threat was that I felt the public was getting a bit fed up with this kind of highway robbery, that Canadian cameramen were quite able to stand on their own feet, capable of being hired on merit, and they did not need somebody trying to beat potential employers into hiring them because they happened to live in a particular area.

I answered a question of my hon. friend in the house, that the members of the film board were the persons against whom the threats were made in the first place. In making this feature film in the Toronto area without IATSE performers, it would not be distributed but it might be shown on C.B.C. The implication was that either IATSE members outside the film board be used, or members of the film board be required to become IATSE members. The acting commissioner, independently, shared my view and took my position, that is, that I do not think it is the government's responsibility to tell people what union to join. We do not intend to tell them. In fact, members of the film board, anticipating the passage of bills referring to agencies of government, as well as to the public service, are joining a rival union. They have not much interest in this IATSE union. I do not know if Mr. Cole, since the interview I had with him, is attempting to pursue his threat. One group from which we might expect an approach is distributors of Canadian made films. We did not find much alarm in these cases, and we have the assurance that we have nothing to worry about.

It seems to me that we should put this problem squarely before the public, to let public opinion clear it up before it becomes a bruise on an infant industry. I am happy to know that any member I have on my staff shares my view that the new industry will not be strangled by any kinds of irresponsible action.

Clause agreed to.

On clause 4—*Appointment of members.*

Mr. MacDonald (Prince): Mr. Chairman, returning to the matter raised by the hon. member for Burnaby-Richmond, I feel that throughout this bill there is a tendency to show what is contemplated as a very lighthearted occasional occupation. Surely the minister's remark that no consideration has been given to providing some form of subsidization for the person to be the chairman of the board means that this will be a very casual endeavour indeed. Even the appointment of an executive director, if there is one, is not suggested specifically. The bill says "may on recommendation of the committee appoint an executive director".

If the executive may be appointed, if all the board members will be occasional people receiving a travel allowance and some form of daily indemnity, and if the only full time person will be the government film commissioner who has a full time job and who will

be there because of his particular responsibility, who will be spending time on this matter —because it will take time?

I appreciate the willingness of the minister to enter into this responsibility; I do not know whether that means she is resigning and planning to take up the appointment of chairman or executive director—

An hon. Member: She wants a C.B.C. job.

Mr. MacDonald (Prince): There is no provision for sending anybody from the C.B.C.

Mr. Pepin: She will be the star of the films.

Mr. MacDonald (Prince): I have a picture of the minister, and she looks a possible star in some future epic.

Miss LaMarsh: Yukon Eric.

Mr. MacDonald (Prince): I am concerned that the chairman is not more specifically dealt with in this bill. For the minister's consideration I suggest adding this phrase—what I suggest might allow somebody with some stature, with some willingness to be approached, for him to give his time. This will take time. Over the next four or five years it will demand a great amount of energy from the people specifically charged with this responsibility. Returning to the point, I suggest therefore in clause 4(2) after the words "during pleasure" adding, "who shall receive a yearly honorarium to be determined by the Governor in Council". This would give us a start, and we could ask for a chairman who could bear responsibility. This matter will take from 50 to 75 per cent of his time, and I think in the first critical years the chairman will have to spend from 50 to 75 per cent of his working time in developing the full aims of this board. This leaves the government free, in consultation with this board, to determine what support will be necessary. Would the minister be willing to accept that phrase, to allow for greater flexibility?

Miss LaMarsh: I see no harm in accepting such a phrase, but it depends on what the chairman says. I do not know, constitutionally, whether my hon. friend can move the amendment.

Mr. MacDonald (Prince): I am not moving; I am suggesting.

Miss LaMarsh: If it meets with the approval of the committee I do not object. If the remuneration is as little as $1 a year—and I would certainly undertake that we would try to get this service free—it would still be a charge on the treasury. It may be that we shall have to pay something to get the right person. I think there is no objection to the phrase. Is it written?

[Mr. MacDonald (Prince).]

Mr. MacDonald (Prince): I will write it.

Miss LaMarsh: While the chairman is considering the matter, I suggest, even if the payment is $1 a year it could become a charge on the treasury, and it might not be appropriate to receive this amendment without a resolution. We are long past the resolution stage and I hope we do not hold this measure up. If the chairman is prepared to accept the amendment without a resolution, I have no objection. Perhaps it might be better to say "may" instead of "shall".

• (4:20 p.m.)

The Chairman: The question before the Chair at the moment is whether or not the amendment suggested by the hon. member for Prince is in order. It is necessary to determine whether there is a charge imposed on the treasury, which is not provided for in the resolution. The resolution says, in part—

> —to make grants to film makers and film technicians, to otherwise advise and assist the producers of Canadian feature films; to provide for the administration of the said corporation—

In view of the fact that the resolution provides for the administration of the corporation, I would rule the amendment to be in order.

Miss LaMarsh: Did Your Honour say you ruled it to be in order?

The Chairman: Yes. In order.

Miss LaMarsh: Are you suggesting that the hon. member may move it himself?

The Chairman: I understood that the hon. member had moved the amendment.

Mr. MacDonald (Prince): That was not my understanding. I do know that it is possible for the minister to make this motion if she is willing to accept this suggestion.

An hon. Member: No, she cannot.

Mr. Hellyer: If it would help regularize the proceedings I would be glad to move the amendment on behalf of the hon. lady.

The Chairman: I do not know whether that is necessary, but if it is satisfactory to the

hon. member for Prince I will accept his suggested wording to be treated as an amendment, and it will be presented as having been moved by the Minister of National Defence.

Amendment (Mr. Hellyer) agreed to.

Clause as amended agreed to.

Clauses 5 to 9 inclusive agreed to.

On clause 10—*Objects.*

Mr. Prittie: One question occurs to me on clause 10. Would films of an entertainment type on short subjects be regarded as films in which investments could be made? Or would it be feature films exclusively?

Miss LaMarsh: It is my understanding that this is intended to cover feature films. Subclause (1) of clause 10 says the objects of the corporation are to "foster and promote the development of a feature film industry in Canada." I think the purpose of this is to help create commercial feature films.

Mr. MacLean (Queens): I should like to say a word on this clause. I was hoping the minister would go into more detail as to what is envisaged by the government by the policy put forward in the bill before us, and particularly in this clause. Paragraph (a) of 10(1) says the corporation may—

> —invest in individual Canadian feature film productions in return for a share in the proceeds from any such production; . . .

What is the position of the taxpayers in cases where there are little or no proceeds from productions—in cases where a picture is a complete flop, as can happen on occasions? What happens in a case of this sort? Could the loan be recovered from the company out of the proceeds of some other feature film which might turn out to be successful? Or is the minister suggesting that the possibility of recovery is limited to the proceeds of any particular feature film in which an investment is made?

Miss LaMarsh: It is not my understanding that there is any intention to mortgage any asset owned by a film maker, apart from the film whose production is assisted. This is why we need a board which is careful and businesslike in its approach, investing in films which it believes to have a commercial chance. Without question there will be some mistakes. I have talked to dozens of film makers since we began to draft this bill. No one can tell which Broadway show will be a hit when it opens, and no one can tell what film will be accepted. For example, the film "Tom Jones" which was so well received in most parts of the world had a very shaky beginning. I am told that many experienced film makers would have absolutely nothing to do with the idea of a film on the subject, and investors were hard to find. They did not think the public would accept such a film.

Without question we shall lose some of this money but it is our hope that we shall pick up more on the swings than we lose on the roundabouts, though that remains to be seen.

Mr. MacLean (Queens): That is the question in my mind. It seems that when films are successful the government is only in a position to recover the investment it has made, if you can call it that, together with additional profits. But is it not the case that when a feature film is likely to be successful the company concerned would probably proceed with it in the absence of any assistance from the corporation, whereas in circumstances where doubt arises it would go to the government for support. There may be long shots which would pay off, but unless the minister can say something to reassure me, I believe there is a danger of the government being made the fall guy, to use a slang expression, in the interest of projects which may have doubtful prospects of financial success.

• (4:30 p.m.)

Miss LaMarsh: To go back to the case of "Tom Jones", this was a production which the British agency was afraid to touch. They considered it for a while, but all of a sudden other funds were found. Philip Terry, who is the executive director of the British corporation, just wishes they had invested in that film because of the returns it would have brought to the corporation. I have read of another film, "Never on Sunday", produced at a cost of $100,000 and which has grossed millions of dollars. I hope we will be lucky to get an investment in something like that. Far from being a fall guy, this is the purpose of the legislation,—to provide that extra boost to our Canadian industry which it has not had up until now. Bankers have feared the risk and there are just not enough angels in this country. This legislation will provide 20 million new angels and we hope that as good angels they will get a pat on the head from time to time.

[*Translation*]

Mr. Pelletier: Mr. Chairman, with regard to the remarks just made, I only want to observe that the Canadian government is not setting any precedents in this connection. The

European film industry has long set the example of state assistance, and several European countries have subsidized their film industry, because they felt that, in our day and age, that industry is extremely important for the prestige of any country. As a matter of fact, those countries thought it worth while to take risks, not only the risk of profit, but the opposite, the risk of loss.

But I am rising especially to make a few brief remarks and put a question to the minister concerning clause 10 (1) (e) which reads as follows:

> advise and assist the producers of Canadian feature films in the distribution of such films and in the administrative functions of feature film production.

At the resolution stage, discussion largely centred on the distribution problem and anyone even slightly acquainted with the question must recognize that it is basic, because no film industry—except possibly the Canadian film industry to date—produces films to let them lie on the shelves. Assuredly, the Canadian government intervention in the film industry is justified inasmuch as it is likely to ensure the development of this industry.

I do not have the slightest intention of advocating for instance the restriction, of foreign films circulation or distribution in Canada for even if we were to take the ridiculous decision of excluding foreign films from our theatres and of admitting only Canadian films, assuming that Canadian filmgoers would attend the showings in these conditions, we would not be able to pay for the production of such films from the Canadian box office returns.

Obviously, the only way we can have a Canadian feature film industry is by securing foreign distribution for them, at a profit.

Recently, an American, or rather international, film periodical stated that only American films could pay their way on the domestic market and that countries with a film industry much more important than that of Canada such as Italy, for instance, had to depend upon foreign distribution to pay much of the cost of their films, not to mention profits, of course. Therefore, I am inclined to be a little sceptical of the benefits of the legislation in this regard, because the question of distribution is not dealt with.

I also realize that several steps have to be taken, the first of these being the establishment of the corporation. In my opinion, this is the bill we needed to establish the corporation, but I would like the hon. minister to explain, if she can, what is meant in the paragraph dealing with assistance in the field of film distribution.

[*English*]

Mr. MacDonald (Prince): Section 10(1)(d) provides for the making of grants to film makers and film technicians. Does this include film writers?

Miss LaMarsh: I am informed that it does.

Mr. MacDonald (Prince): Section 10(1)(e) provides for the corporation to—

> —advise and assist the producers of Canadian feature films in the distribution of such films and in the administrative functions of feature film production.

The minister has talked about the board arranging for films to be distributed on what seems to be an ad hoc basis. This is one area in which we are going to have the most difficulty when the board is established. We have a movie exhibition industry in this country which has relied almost completely on films from other countries, and for the exhibitors suddenly to dislocate their consumption of foreign films so that they can start showing Canadian films will demand considerable expertise, not only at the federal level but at the provincial level as well. Has any consideration been given to holding some kind of federal-provincial consultation on distribution? Has the minister any idea what reception will be given to feature films produced in this country? The experience to date is a pretty unhappy one.

Miss LaMarsh: The interdepartmental committee has had some dealings with the owners of movie houses, particularly in Canada, and other agencies have had some dealings with distribution houses outside the country. I had a talk some ten days ago with the Canadian producer, Mr. Crawley, and asked how he got a distribution contract for "The Luck of Ginger Coffey". He replied that one experience can be pretty harrowing, but having once received it one knows what to look for after that.

With respect to clause 10(1)(e) I expect that the corporation will employ a specialist on distribution, a man who knows all the outlets. The government is not going to attempt to make distribution deals. The applicant will have a package effort to present to the board. He will have a story line, with his actors ready, his production agreement ready, and

probably the completion bond ready. So far we have heard nothing which would indicate that we are going to have resistance.

But if we try to pass off a lot of second rate films, or art films, and wave a nationalist flag and say, "You fellows who show films in this country are going to have to show ours," we may find resistance. We have not taken that attitude. We have said. "Look at Canada's past record",—because we have produced some first rate films, but there is not much value in them because they have not been the subject of an effective distribution agreement. Through this measure individuals with a good story will not only get good distribution, but probably will be able to make deals with various markets—British, Swedish, Italian and others—who may be paying part of the cost. The agreements may be made with the governments of those countries or others who own movie houses. In those agreements there would be a provision for financial assistance and a guarantee as to distribution. There will also be included in respect of distribution some guarantee as to publicity. There is no point in putting on a good show and letting it die like a dog without any kind of publicity. We have all seen what happened to "Festival Canada". Money was spent in promoting it, and people came out to see it instead of just saying that because it is Canadian it could not be good.

• (4:40 p.m.)

Every individual project will have to be considered on the basis of its artistic and commercial quality, and if we think it is satisfactory and we should invest, there will be no problem. But there will have to be some kind of distribution agreement. There are not enough good movies made in this world at this time.

Mr. MacDonald (Prince): Perhaps this is a matter we should pursue, but it would serve no useful purpose during this debate to deal with the subject at length. We have now indicated that there is a critical problem which will have to be faced after we have had some experience, and when similar legislation is placed before us.

The third point I should like to refer to here relates to clause 10(2)(a).

Mr. Prittie: We are considering clause one, are we not?

Mr. MacDonald (Prince): I think we are considering clause 10 (2) (a), or perhaps the whole clause 10. That clause states in part:

(a) that the completed film will, in the judgment of the corporation, have a significant Canadian creative, artistic and technical content—

This is fundamentally important to this infant film industry. The paragraph then states:

—arrangements have been made to ensure that the copyright in the completed film will be benefically owned by an individual resident in Canada, by a corporation incorporated under the laws of Canada or a province or by any combination of such persons.

I am wondering whether or not this means that the individual who owns the corporation must be a resident of Canada or whether there are two separate categories, either an individual resident in Canada or a corporation incorporated in Canada.

Miss LaMarsh: It means either.

Mr. MacDonald (Prince): In that event we run into the same situation referred to by the hon. member for Burnaby-Richmond. We may well be establishing an industry here which will benefit the interests of some other country, perhaps that country to the south. I can envisage a situation in which a film is made in this country and is Canadian in terms of its creative, artistic and technical aspects, but made by a corporation not necessarily resident but incorporated here. We might find companies such as M.G.M., Paramount or Twentieth Century Fox incorporating under provincial or federal statutes for the purpose of making a picture here. They would then take the profits back to the United States. In this way we would not improve the situation, although perhaps additional employment would be provided for local talent.

It is strange that the government did not spell out the provisions of this bill in the same way provisions are spelled out in respect of broadcasting. In that respect 75 per cent of the facilities must be Canadian owned. We made provisions in regard to broadcasting which seemingly we are not making in respect of the film industry. Some safeguard should be provided to protect the Canadian film industry.

Mr. Prittie: Before the minister answers the hon. member, perhaps I could pose another related question which she could deal with at the same time. I am concerned with the point

raised by the hon. member for Prince regarding incorporation in Canada and substantial Canadian ownership.

In clause 10 (2) (a) appear the words:

—have a significant Canadian creative, artistic and technical content—

At this time a film entitled "The Trap" is being shown in theatres across Canada and elsewhere. This is a British production, most of which was filmed in British Columbia. Several Canadian actors were employed during its production, as well as certain Canadian technicians. The stars were British, and some British technical crew were brought over and employed. The processing of the film was done in the United Kingdom. Although some Canadian artists and technicians were employed in the production of this film, it would seem to me that it would not meet the requirements of clause 10 (2) (a).

Perhaps the minister could give some explanation as to what is meant by "significant Canadian creative, artistic and technical content". Percentages are laid down in the United Kingdom in respect of technical and artistic staff which must be used, as well as in respect of processing. Will there be any guide lines at all in Canada to make sure that there must be a percentage of Canadian content before a company can qualify for the benefits available under this measure?

Miss LaMarsh: We did not think we could stipulate by legislation that one must have so much ownership in a Canadian company before being eligible. Canadian tax laws will apply to those companies incorporated in Canada under provincial or federal statutes, but any company that is so incorporated is a Canadian corporation.

Each corporation will be considered by the board as to whether or not it is able to guarantee completion, and we do not expect such a guarantee will be provided in respect of a feature film by a fly-by-night company set up as a shell company for certain purposes. These companies will have to provide a completion guarantee and prove or show an ability before they will be eligible.

We feel we have gone as far as we can to make sure that not only does Canadian talent get an opportunity but that these films will in fact be Canadian productions. I agree with my hon. friend that the film "The Trap", while most enjoyable, using Canadian talent, scenery and facilities, is not the kind of film which would qualify under this act. In order to qualify it would have to be put together

under a co-production agreement. There are no co-production agreements between the United States and Canada. One reason there are no agreements of that kind between the United States, Italy, the United Kingdom or other countries and Canada is that they are awaiting with interest the results of this proposed legislation. They now feel there is no point in signing a co-production agreement until we provide some kind of assistance. An astonishing number of people in this country and other countries of the world are waiting for the adoption of this measure.

Mr. Enns: I have the distinct impression that the National Film Board would be an agency, as a film producer, which might qualify under the provisions of this measure. Am I correct in that impression?

Miss LaMarsh: No, it could never qualify.

Mr. Brand: Is the minister aware of any arrangements to set up a 35 millimetre colour processing establishment in Canada? My understanding is that there is no such service available at this time and that this type of film is sent to the United States for processing. Have there been any discussions at all in this regard? Such a service would provide an inducement to the production or processing of such films in this country.

• (4:50 p.m.)

Miss LaMarsh: I am sorry, Mr. Chairman, but I do not happen to know the answer to that question. I will be happy to get it. I notice that my officials sitting in the gallery are nodding their heads, indicating yes.

Mr. MacDonald (Prince): Mr. Chairman, I should like to return to this matter of ownership. I am indeed surprised that the minister says, very easily, that we felt we went about as far as we could go in this respect. I wonder whether she has in mind the cabinet of which she is a member, and a number of her associates who seemingly have no reserve about how things should be spelled out clearly in terms of Canadian ownership. I wonder whether the minister remembers her good friend to her left, whom she welcomed back to the cabinet a few weeks ago. Certainly what she has said seems to refute that warm welcome, in a sense at least.

The other thing that concerns me about ownership is this. The minister said that the possibility of fly-by-night companies getting involved in and being accepted by the feature

film industry was very remote. I am not worried about fly-by-night companies; I am worried about the large companies, the million dollar, and I suppose approaching the billion dollar enterprises south of the border who would like to find some kind of loophole whereby they could establish themselves here. I think there is a loophole in this legislation big enough to push a whole movie studio through, and to permit not only ownership and maintaining a considerable amount of profit, which is one thing, but it will even adversely affect our whole balance of payments problem. We are dealing here with a million or billion dollar industry. There is even the more fearsome ogre, if you like, of control; for if control is not with Canadians, what will happen with respect to what in the end result we will be watching as so-called significant Canadian films?

I have no desire of arresting the development of a feature film industry which will present Canadian movies which will in fact be Canadian owned in terms of some kind of significant content spelled out in this bill. However, I am concerned that these movies will obviously not be Canadian when we ultimately see them. I believe it is imperative that we include in the bill at this point a phrase that will make it very clear to the officers of the corporation, and those who seek to produce feature films in this country, that we are interested in developing a genuine Canadian industry. I would suggest again, for the minister's consideration, that after the word "province" a phrase something like this be inserted: "and the shares of which shall be at least 51 per cent owned by Canadian residents." I think this would ensure the very real desire that lies behind this clause, namely that the ownership of our film industry should not be in the hands of those outside our country.

Miss LaMarsh: Mr. Chairman, I think we must have a sense of proportion here. My hon. friend talks about these great big million or billion dollar corporations that will come into this country. Remember that this fund is a miserable $10 million. These billion dollar corporations will not be coming into Canada and trying to invade this country for the purpose of taking advantage of the fund. I went to see the studios of Di Laurentis in Cinecitta outside Rome. He had just finished making "The Bible", which cost well over $10 million. He had just sold the distribution rights for $10 million. He will not try to take over Canadian film-making, because if he wanted to produce a film in Canada he would do it right now. He does not need to make application to this corporation. We will not set up some sort of electronic boundary at the border to prevent any of these large sized moguls coming in and making their films. The purpose of this legislation is to help those people who need help to make films, not the very large corporations.

If it were not for the co-production agreements I would hope everybody employed in the industry would be Canadian and all the materials used would be Canadian. This is obviously the group to which this fund will appeal more than anyone else. I can tell hon. members that they are practically standing in line outside the House of Commons to get their stories and packages dealt with. When the legislation is passed, the board is set up and the regulations are established, there will be a real rush to take advantage of this measure.

I do not think we need concern ourselves that $10 million will fatten people in Hollywood, Nice, the Ealing studios, or anything of that kind. I suggest to my hon. friend that we should leave the matter as it is and give the program a while to operate. Let us gain a little experience in this field. As hon. members will see, the last clause of the bill deals with the matter of an annual report. One of the matters particularly to be dealt with will be the amount of assistance provided by the corporation and the kind of distribution involved. After the program has been operating a while parliament will be in a position to make amendments as we feel our way in this infant industry.

I would say to the hon. member for Saskatoon that the nodding wizards in the gallery inform me that there are three laboratories in Toronto which will be processing 35 millimetre colour films within the next three months.

Mr. Baldwin: Mr. Chairman, perhaps the minister would suggest to her colleague the Minister without Portfolio that his task force keep a close and paternal eye on this particular clause.

Mr. Bell (Carleton): Mr. Chairman, I wonder whether the minister would like to change the expression she used "a miserable $10 million". It seems to me there was at one time another outspoken minister who got into trouble for using the expression, "What's a million?"

Development of Film Industry

Miss LaMarsh: Mr. Chairman, as soon as I used the expression I could see the significant glances of some hon. members on the other side of the chamber. I would point out that everything is relative. Ten million dollars is the biggest sum in the world to me and so is a million. We must remember that hundreds of millions of dollars are involved in the production of some films. Therefore I hope that when hon. members opposite quote me as saying "a miserable $10 million" they will keep it relative to the very large sums which are concerned in this industry.

Mr. MacDonald (Prince): Is the minister saying that when this $10 million is exhausted, that is the end of the road as far as feature film development in this country is concerned?

Miss LaMarsh: It is a question whether it will be exhausted first, or whether I will be. That is all this bill provides, $10 million. If we are very fortunate, this will be a rotating fund and we will have more money coming in than we will have spent. The committee will notice that administrative costs and things of that nature are taken out of the $10 million and are not renewable as such. When this money is spent, if it ever is, or is reduced to a very small sum, as is the case at the present time in England, the house will have to assess the situation on the experience that has been gained. This is exactly what is happening in England now. Their program lasted for quite a long period, so they could see what would happen when the industry was assisted. They are now in the process of deciding whether to renew the fund or take the corporation out of existence.

Mr. MacLean (Queens): Mr. Chairman, I wish to ask the minister a question or two along this line. Could she give us some information about the experience of similar corporations in other countries? I suspect, as has been proven by the experience in the United Kingdom, according to the minister, that in the long run this program will be a losing proposition. With regard to the $10 million fund to which the minister has referred, will this amount, for the present at least, be a fairly firm ceiling? Will this money be invested, or is this to be just an interim measure to gain $10 million worth of experience, and not much more; or is the idea to come back to the house later to amend the bill and increase the fund?

Miss LaMarsh: There is no question about what has happened in England. This program has sparked a major industry in that country.

[Mr. Bell (Carleton).]

Everyone knows the number of films being produced in England and how very successful the whole industry has been. The English fund was one of the prime reasons for the success of the industry. We all know how many films are made in the United Kingdom by American, German and other film studios. It is true that the funds set aside have now been spun down to a point where they are really too small to be of much effect.

I am not suggesting that the $10 million will be all. I hope that by the time $10 million has been used and repaid 100 times over our feature film industry will be in full blast and will not need any further assistance. However I am not in the position now to guarantee that.

• (5:00 p.m.)

I wonder whether hon. members opposite would be disposed to not seeing the clock and perhaps continuing, in the hope that we may conclude the committee stage of the bill?

Some hon. Members: Agreed.

Mr. MacDonald (Prince): I must admit that the whole discussion sounds a bit like the saying about the chicken and the egg: Which comes first? Are we setting aside $10 million and then dreaming up a board which will decide how to spend this money, or are we setting up a board and saying to it that we will make $10 million available to assist it in getting a feature film industry off the ground? I would like to think that what the minister has just said will become a reality, but I have great doubts about it. She said that $10 million, in terms of the loans that will be repaid, will in the course of time produce a full-blown feature film industry in this country.

If such were to be the case we should be able to find the same situation existing in Great Britain today. But that is just not the case. We know that it is not enough to have an institution like the B.F.C. available to provide funds or loans for the production of worth-while feature films. The British have had to instal a very complex system known as the Eady plan to subsidize the distribution of their own feature films. Great Britain is a much more heavily populated country than Canada and obviously they have a much larger audience, and yet they are threatened by the same kind of foreign exposure as we are, being so close to the United States, an influence which plays such a large role in our cultural milieu.

I think that what will happen is that once we have launched this particular board we will find that additional steps will have to be taken. We will either have to introduce tariffs or establish a levy of some kind whereby the revenue collected from the production of foreign films can be used to subsidize Canadian production. This may prove to be a very acceptable system.

In this case my question about the ownership and the control of feature films becomes of paramount importance—and no pun is intended—because if it is possible to subsidize and produce films of "significant Canadian content", then it will be very profitable for any large film producers in the United States to come here and incorporate federally or provincially so as to benefit from our subsidization.

The minister knows from her own study of the British industry that attempts have been made by foreign film producers to benefit to a large extent from the Eady levy. I think this is something we must guard against in the establishment of this corporation.

This is why the good will expressed by the minister does not convince me at all, nor her assurances that it is not necessary to ensure that these corporations will not benefit from the production of Canadian films by including in the bill a stipulation that the majority ownership should be Canadian.

This is why I should like to ask again whether the minister would be willing to include the words: "and the shares of which shall be at least 51 per cent owned by Canadian residents". I think this is fundamental to guarantee a Canadian feature film industry.

Miss LaMarsh: Mr. Chairman, I would prefer to leave the wording as it is. As my hon. friend knows I have tried to be co-operative, and I agreed to the last amendment. I must point out, however, that we are trying to get an industry started. We are not speaking about an industry that is well established and flourishing. I welcome, as do all my colleagues in the cabinet, the right kind of investment in this country. My hon. friend is very young and I am sure he has almost 100 years left as a member of parliament. Unlike myself he will be here in a few years to make an assessment of the situation, at which time we will be in a much stronger position to say whether or not this sort of thing is needed. I would ask him to consider the situation and to let it remain as it is. Let us get some more experience.

Mr. MacDonald (Prince): I do not know why my age always comes up—

The Chairman: Order, please. It being five o'clock and in order that the house may proceed to consideration of private members business shall I rise, report progress and ask leave to sit at the next sitting of the house?

Miss LaMarsh: Mr. Chairman, I did ask hon. members whether they were disposed not to see the clock and to continue so as to complete the business. I thought there was unanimous agreement to my suggestion.

The Chairman: Is it agreed to continue with the discussion?

Some hon. Members: Agreed.

Mr. MacDonald (Prince): I do not know why my age seems to come up from time to time. I find that it seems to come up when I am on the winning side of the argument. Perhaps it is also strange that I should be arguing for what I think happens to be the policy of the government of which the minister is a member. She should be sitting over here and perhaps I should be sitting in her place, and then we would each be arguing for the proper side of the case. I think this is a critical issue. It is absolutely unbelievable that the minister should be willing to admit that under the terms of this bill it should be permissible and acceptable that the ownership of feature films produced in this country should not be in the hands of Canadians, but of foreign film producers. I find it impossible to believe that the minister is willing to allow this to happen.

This seems to contradict and contravene the spirit of the bill. It makes very little sense to me that we should go through the exercise of establishing a feature film industry in this country, something which has been neglected for far too long, and then at the very point when we could specify clearly that this is to be a Canadian industry, to be operated by Canadians and to serve Canadians, we would leave this tremendous loophole which would allow people outside this country who wish to invest in it and gain profits from our feature film industry, to do so without any fear of reprisal or any difficulty. This certainly seems like a strange exercise.

I suppose all I can do is to express my sentiments very strongly with regard to the faulty apparatus which is implanted in the bill in a clause which does not provide in very clear cut terms for at least 51 per cent

Canadian ownership and Canadian control of the feature film industry.

Miss LaMarsh: I am afraid my hon. friend is assuming something which I suggest he should not assume, namely that all sorts of minions will be running across the border forming corporations and taking great shovelfuls of money out of our coffers. The board which we are proposing to set up will deal with each film proposal. It can consider each individual proposal and will not need to accept any proposal it does not wish to accept. As I suggested earlier, I believe that initially at least there will be so many Canadians coming up with proposals that they will clog the halls, and anyone who has to come from a greater distance will not be able to get anywhere near this board for a considerable length of time.

We have done everything we can. The copyright has to be held here either by individuals or by corporations. Under the subsection concerned there has to be a significant Canadian creative, artistic and technical content, and we were careful not to tie that down to a percentage at the suggestion of those in England who said that it is better to leave it flexible. We have done everything we can to make sure that we will be fostering a Canadian industry. It may well be that a corporation which is formed in Canada and gets its script and everything else here will then go and sell it to a U.S. or a British firm. It can sell the distribution rights and then obtain financial support, which would mean that it would turn over more than 51 per cent of its ownership. If he does not get that kind of financial support, that kind of distribution, then he is not going to make it.

• (5:10 p.m.)

I am informed by Mr. Crawley and others who have been successful that the most important thing is to get a track record, to be able to produce a first rate film, and if that is done, thereafter the doors are open, agreements are assured and the film industry is on the way. I suggest to the house we should not throw this roadblock up now because if we do not insert a provision concerning this 51 per cent that may be the very thing which will permit young people to start out and make films in this country in co-operation with others who have been in the business, and who can give distribution rights as well.

Mr. MacDonald (Prince): Mr. Chairman, I feel the minister—

[Mr. MacDonald (Prince).]

The Chairman: Order. The Chair feels that standing order 15 must be invoked at this time. If there is any disposition on the part of the committee to proceed with the bill, I think that decision should be made with the Speaker in the chair. Shall I rise now, report progress and request leave to sit later this day or next sitting as the case may be?

Progress reported.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I think we are dealing with a very interesting bill, and perhaps we will be able to complete consideration of this bill if we continue with it. I am sure other members would agree. I think, looking over at the minister, this suggestion is quite acceptable to her.

Mr. Deputy Speaker: Is it the pleasure of the house that the private members hour be suspended and the committee proceed with its work on the bill it was considering?

Mr. Howard: Mr. Speaker, if I may say so, I do not believe you should suspend private members hour because there was a certain understanding reached which has now been circumvented by the proposal just made. I think the best we could do, if it were agreeable, would be to carry on with this bill, and if it is completed before six o'clock see if we could not make progress with the particular item of private members business on which there was an agreement.

Mr. Deputy Speaker: Is it agreed that we return to the committee and proceed with this bill, then if the bill has been completed before six o'clock we make progress on private members business?

Some hon. Members: Agreed.

CANADIAN FILM DEVELOPMENT CORPORATION

PROVISION FOR DEVELOPMENT OF FEATURE FILM INDUSTRY

The house resumed consideration in committee of Bill No. C-204, for the establishment of a Canadian Film Development Corporation—Miss LaMarsh—Mr. Batten in the chair.

On clause 10—*Objects.*

Mr. MacDonald (Prince): Mr. Chairman, while I appreciate the minister's good faith and her willingness to ensure that as many

aspects as possible of this feature film industry will be Canadian, I think in being adamant about ownership and control she is sowing the seeds of her own destruction on this matter. I was just thinking a few minutes ago of the implications of what she said before we resumed in committee. It seems to me she is saying that in order to establish a feature film industry in this country we are going to have to rely on those from other countries who have both the experience and the contacts. I agree with what she says to a degree. She is saying also that in order for us to assure the exhibition of these films we will have to be in touch with these people because they will be able to arrange for the distribution.

What strikes me as so devilish about this whole arrangement is that if we are to follow the suppositions the minister has enunciated, then we are going to encourage outside film producers to come to this country. They will come here, and I assume they would employ enough people in the various aspects of film making to establish themselves as credible in terms of Canadian content. What will they be doing? They will be, foremost, producing motion pictures that will fall in line with the kind of films that are currently acceptable for distribution in the United States, the United Kingdom or some other market.

It would be folly of course for any film producer, particularly in the English speaking world today, to produce films purely and simply for the domestic market. However, it is quite another matter to invite in film producers who will not be, first and foremost, producing films for the country in which the film is produced. This is the thing that scares me. We would not be establishing a film industry in Canada which could be called Canadian; we would be setting up certain facilities and encouraging those facilities to be used in terms of motion picture production, and the resultant films would be directed to other countries. A film of this kind may say much more about the culture and life of someone who lives in Great Britain or the United States than someone who lives in Canada. It has been true from time immemorial that he who pays the piper calls the tune. It is my conviction that he who puts money into this film is going to determine the kind of script, and what the script says about the cultural and political aspects of life. While the film may be made here, it is not going to be a Canadian film.

Mr. Pepin: Would you say that about the National Film Board?

Mr. MacDonald (Prince): No, there is no comparison with the National Film Board. Why does the minister introduce that element?

Miss LaMarsh: The film "The Luck of Ginger Coffey" was made in exactly that way by a Canadian film producer who got the story and put it together. However, he did not have the money to put the whole thing together. He went to a United States film producing company which had distribution facilities, and made a deal with them for distribution and for money. They put up money, and that was the only reason this film came into being. This company in the United States had no control over the production of the film; they bought a package. This is the only way it can happen.

All he has to sell, of course, is a share in the corporation which produced the film. He may have to give the stars 10 per cent interest in it. He may have to give away a 20 per cent interest that way. He may have to give the distribution people another 10 per cent or 15 per cent. He may have to give the person who has written the book or the script another 10 per cent. This is the way these people are in it, without getting dollars except out of the final result of the show. We do not know what will happen because in each case it will be different. I could suggest to the hon. member that he is only seeing ghosts. If he gives this bill a chance to work, I am sure he will find this is not going to happen.

Mr. MacDonald (Prince): I have some friends on the front-benches who are seeing ghosts, too. Who owned the film "The Luck of Ginger Coffey"?

Miss LaMarsh: The distribution company and Crawley Films, as well as some other people.

Mr. MacDonald (Prince): Who owned control?

Miss LaMarsh: A whole bunch of people.

Mr. MacDonald (Prince): Surely the whole point of this discussion is whether or not we intend to develop a Canadian feature film industry. You start off with somebody who writes a script and who wants 10 per cent. Surely we would expect that person to be a Canadian, otherwise—

Some hon. Members: Oh, no.

Mr. MacDonald (Prince): Not in every case, perhaps, but surely in some cases we would.

You say he is going to be given 10 per cent or 15 per cent, and surely in some cases he should be a Canadian.

Miss LaMarsh: Sure.

Mr. MacDonald (Prince): The minister seems to be inferring that a good many of these people connected with the film will not be Canadians. If they are not Canadians, then what is the sense of trying to establish a feature film industry in Canada?

Miss LaMarsh: Because my hon. friend has agreed that the real bugbear is distribution, and this is where the big piece of ownership can go. This does not mean there is any kind of control over the film. The film may be virtually in the can by that time. If Mr. Crawley or any other person produces a film. no matter how good it is, it is not going to be a success unless it can be distributed. He is not going to sink a lot of money into it unless he knows it can be shown. He may not even have enough money to finance it. Most people like Budge Crawley insist on control of the product. They produce it and that is what they sell.

• (5:20 p.m.)

All that the distributing firm cares about is that the film will make money at the box office. They are not going to put Zazu Pitts in the film, or Mr. MacDonald from Prince or Miss LaMarsh from Niagara Falls. All they care about is they get something in the can so they can make money. In exchange for that they may be helping with the financing and may take shares. This is why I am afraid of trying to make any restrictions at this time until we see what happens.

Mr. Prittie: May I ask a question, Mr. Chairman. In general I share the sentiments of the hon. member for Prince. I am surprised that the 25 per cent figure talked about in the past by the hon. member for Davenport in relation to Canadian corporations is not mentioned in the bill. I wonder whether there is some ignorance here about the film industry on my part, and perhaps on the part of the hon. member for Prince and others.

The minister has mentioned Mr. Crawley's film "The Luck of Ginger Coffey". When he made that picture did he form a separate corporation both for making and for marketing the film? Does the minister know the answer to that question?

Miss LaMarsh: I think he did in that particular case but I am not absolutely certain.

[Mr. MacDonald (Prince).]

We did discuss that but I have forgotten what he said.

Mr. Prittie: If that is the case, I can see variations coming up, but I would suspect that what happens is that a corporation will be set up to produce and market a particular production. In the case referred to by the minister the foreign distributors may ask, in return for distribution rights, for a larger percentage of the corporation. However, I wish we knew more about the techniques of the film industry.

Miss LaMarsh: There are not many people in the country who do know. I should really publicly apologize to Mr. Crawley, because when he came to give me some advice I am sure he did not expect me to peddle his personal views to this house at large.

Mr. MacDonald (Prince): Mr. Chairman, the minister has continually referred in the course of debate to something very significant. She said that the prime concern on the part of the film producer is to arrange for international distribution. It will be difficult for anyone to disagree with that; but it strikes me that she has become so concerned about international distribution that perhaps she is indicating her willingness to accept the fact that the most difficult distribution will be domestically.

In the first instance, it seems to me that if a feature film industry is to be established in this country we must be assured that there will be Canadian distribution of films. It will be almost pointless—not quite but almost—if feature films are produced in Canada in great numbers and are shown for the most part in the United States and parts of Africa, Europe and Great Britain, but only occasionally in Canada. It strikes me that this is one of the reasons the minister is so concerned to put in any limitation in this bill. She appears to think that as long as we can guarantee some kind of international distribution we will have assured the survival of a feature film industry in this country.

Surely this will not serve the end we envision for this measure in terms of providing feature films made by Canadians for Canadians. This does concern me greatly. If we cannot achieve this end, we have bought only a very small piece of this business.

Miss LaMarsh: Mr. Chairman, it goes without saying that we hope distribution in Canada will be one of the first considerations. As a matter of fact, our movie houses are

owned by United States movie companies and by British movie companies. When you distribute your films you enter into distribution agreements with respect to Canadian rights, United States rights, European rights and sometimes world rights. This is not a matter for the government but for the person who is selling the package.

Mr. Herridge: Mr. Chairman, I want to deal with subclause (4) of this clause, which reads:

> The corporation shall, to the greatest possible extent consistent with the performance of its duties under this act, consult and co-operate with departments, branches and agencies of the government of Canada and of the government of the provinces having duties related to, or having aims or objects related to those of the corporation.

I think this is a most interesting clause. Could the minister explain to the house how this clause will function? How will the corporation collaborate with these various departments and branches? Can she give us some idea how this clause will be implemented?

Miss LaMarsh: I am informed that both the province of Ontario and the province of Quebec have expressed interest in feature film production, the former through the Ontario Development Agency and the latter through the minister of cultural affairs. In the latter case the minister of cultural affairs for Quebec has already made one direct grant to a feature film maker. We expect to be working quite closely with them. They may be one of the people who apply. I do not think that an agency which will itself produce a film will apply, except for assistance in distribution and matters of that kind.

Mr. Peters: I ask the minister whether there have been any requests by the Ontario department of lands and forests to assist in their film production as well?

Miss LaMarsh: Not that I am aware of, Mr. Chairman.

Mr. MacDonald (Prince): Mr. Chairman, may I once more refer to the film "The Luck of Ginger Coffey", since it has been mentioned. I do not think the minister would want it to go on record that this was in any way, shape or form a typical Canadian movie. I have been reminded that the stars were not Canadians. The director was not a Canadian, the director of photography was not a Canadian and the editor was not a Canadian. If I remember my conversation with Mr. Crawley, he told me that he would not have regarded this film as falling within the criteria envisaged by this legislation.

Before we dispose of this particular clause may I once more raise the objection I made and put forward a suggestion to the minister by way of compromise. Since the minister seems to be unwilling to accept the proposal I made, then by way of compromise, and as a very tangible reminder to the corporation, would she accept such words as "owned by an individual resident in Canada, by a corporation incorporated under the laws of Canada or a province, with significant Canadian ownership"? Would the words "with significant Canadian ownership" be acceptable? It seems to me, Mr. Chairman, that if we do not include some words like that we have left the door as wide open as it could possibly be.

Miss LaMarsh: I do not think it is necessary to include those words, Mr. Chairman.

Mr. MacDonald (Prince): Then I, as one economic and cultural nationalist, will let it go on record at this point that I think the minister has in this legislation opted for allowing a very sizable chunk of what might have been a Canadian feature film industry to drift away from us. I hope that I do not have the opportunity at some future date of standing in this place and saying very loudly and clearly "I told you so".

Clause agreed to.

Clause 11 agreed to.

On clause 12—*Executive Director and Secretary.*

Mr. MacDonald (Prince): Mr. Chairman, it is suggested in this particular clause that on the recommendation of the corporation an executive director may be appointed. For purposes of clarification I should like to know whether this means that if the corporation did recommend that such an appointment be made the governor in council would in fact make the appointment? The word "may" seems very ineffectual in this context.

Miss LaMarsh: Mr. Chairman, we hope that we will have a small staff to begin with, which will be paid for out of the $10 million, so I do not want to fritter it away in this regard. Without question we have to have legal experts, a treasurer and a comptroller. We have included a secretary in order that there may be the opportunity for language balance. That is the reason we have used permissive language rather than mandatory.

Clause agreed to.

Clause 13 agreed to.

Development of Film Industry

On clause 14—*Advisory group.*

Mr. Herridge: Mr. Chairman, clause 14 reads:

The minister may, on the recommendation of the corporation, appoint an advisory group broadly representative of the professional associations, exhibitors, distributors and unions in the Canadian film industry and including other qualified persons, to advise the corporation on matters which the minister or the corporation may refer to it.

• (5:30 p.m.)

Would the minister explain how this section will work, what is actually intended, and what groups are likely to be included?

Miss LaMarsh: I shall be glad to. This again is a permissive section modelled on the type of advisory committee existing in the United Kingdom. The purpose of the committee is to give the film industry an opportunity, on a formal basis, to advise the government. We expect that the various associations will, as in England, nominate three or four people, and we shall select one from each. This may be open to people outside the film industry, and can include film critics or economists specializing in film matters, or other people who specialize in the industry who, from time to time, may be required to give advice.

Mr. Prittie: Is it the intention to pay the expenses of this advisory group when they meet? As the bill now stands you cannot pay their expenses. It seems to me that if the advisory group is called to a central place from time to time to aid the corporation, their expenses at least should be paid.

Miss LaMarsh: I am not certain whether they will come together at one point. Members of the industry have been extraordinarily helpful, as has been the interdepartmental committee, in dealing with the problems over the past two or three years. We find that people in all parts of the industry have offered assistance to that committee, and I do not think it will be necessary at this time, since that again would be a charge on the fund, to give them financial reimbursement. If it proves necessary to give that reimbursement in future, we shall ask parliament for that right.

Mr. Prittie: Does the minister mean, as the bill now stands, that there is no express authority to pay the advisory group's expenses?

Miss LaMarsh: It is not my intention to pay them, no.

[Miss LaMarsh.]

Mr. Herridge: Mr. Chairman, following my previous question, the clause says:

—appoint an advisory group broadly representative of the professional associations—

Does this mean professional associations within the film industry, or other professional associations that may want to make some contribution?

Miss LaMarsh: They may be in or out.

Mr. MacDonald (Prince): Again, I find this clause is not enough to deal with the situation. Earlier this afternoon we said that the only person with any expertise to be directly associated with the board will be the government film commissioner. At a later date it will be the person who will be executive director of this particular board. If the new federal Film Development Corporation is to get the amount of advice it will need, this clause is not sufficient. The clause could not have been written in a more vague fashion. It says:

The minister may, on the recommendation of the corporation, appoint—

And it lists a number of groups:

—to advise the corporation on matters which the minister or the corporation may refer to it.

I find the use of the word "may" wrong, particularly in the first part where it says "may appoint". If the federal film development board determines that it will need this expertise, and I am 100 per cent sure that it will, why could the committee not change this clause to read "will on the recommendation of the corporation"?

I am also disappointed because the minister has said there is to be no remuneration. If we are thinking of using people receiving at times much remuneration, how will it be possible to ask them to give up their time, so that they may give advice, unless there is some definite responsiblity to pay their travelling expenses at least, and some kind of daily indemnity. It seems that where an advisory group is set up, this sort of thing normally is available.

Miss LaMarsh: Mr. Chairman, there is no indication that it has to be mandatory. This is intended to be permissive. I am not sure, at first blush, that we shall set up an advisory committee. It will be hard enough to find the people, the right people who have no connection with the business, to put them on the board—to say nothing of people who from time to time on an ad hoc basis will serve as

part of the advisory group. I do not anticipate thay any board of management or advisory group sitting in another part of the country will have any difficulty because of the situation my hon. friend has described. From time to time experts will be required to give assistance, and we shall call on them.

Perhaps I should make myself clear. We do not want two boards. The government would have to appoint them to give advice on the one hand and management on the other.

Mr. MacDonald (Prince): I am sorry, but I had difficulty following the minister. I am still not clear. Is the minister saying that there will be a specific group known as an advisory group? I see advisory group in the clause spelled with a capital "A" and capital "G". It seems to me that the clause makes provision to set up a specific entity—

Miss LaMarsh: No, no. There is no capital "A" or capital "G".

Mr. MacDonald (Prince): There is in my copy.

Miss LaMarsh: That is the Queen's Printer.

Mr. MacDonald (Prince): I think the Queen's Printer must have had a hand in this.

Miss LaMarsh: There are no capitals in the French version.

Mr. MacDonald (Prince): There is discrimination somewhere. We ought not to have capitals in English, either.

Coming back to my point, there are those who will be needed to provide continuing expertise. By and large membership of bodies providing assistance will not be on a full-time basis. Most people will be occasional members, not necessarily from the film production world. The corporation will need to get advice somewhere, and if we are to use the $10 million intelligently in initial stages, that advisory group with a capital "A" and a capital "G" will be necessary.

Miss LaMarsh: It may be that people with experience in labour relations may be called in to advise us on the IATSE question, and the whole idea of labour unions in the film industry. On the other hand a board will be set up, and as I have said it may be composed of lawyers, secretary-treasurers and people like that, who are also experts in the film business. Only from time to time will things have to be addressd to an advisory group.

We are happy in this country to have enthusiastic members of the public offering unpaid assistance to the public, through government, when requested. I do not know why this should not continue. We could pay them expenses, give them an aeroplane ticket and a meal. But any corporation can do that without legislation. We do not expect them to spend their own money; but we do not want to pay them as such. We do not want to make them consultants.

• (5:40 p.m.)

Mr. Herridge: I wholeheartedly support the minister in this respect. I believe the hon. member for Prince is underestimating the willingness of Canadians to do something on a voluntary basis when it comes to making a contribution to their country, their province or the community in which they live. I think we shall be able to find people willing to do this, as long as they are allowed their out-of-pocket expenses as far as travelling is concerned.

Clause agreed to.

On clause 15—*Staff and Special Advisers.*

Mr. Prittie: Has any projection been made as to what the size of the full-time staff of the corporation will be? Will it be five, ten, or 20 people?

Miss LaMarsh: We think the staff will be small, to begin with. For one thing, there is not a very great pool of suitable people to tap. We have to pay their salaries and everything else out of the $10 millions; we do not wish to dissipate that amount.

Mr. Prittie: So the staff will be small.

Miss LaMarsh: Small in numbers; I am not talking about stature or weight. It will be the minimum we can get along with to enable the corporation to perform its functions.

Clause agreed to.

On clause 16—*Application of Public Service Superannuation Act.*

Mr. Peters: I should like to know why the benefits of the Public Service Superannuation Act have been withheld from the members of the corporation. This is a Crown agency and some of the other agencies of the Crown, or rather their employees, receive the benefits of this act. I think it would be to our advantage to bring more people within the act than to leave people out. Their inclusion established equality among the employees of the various Crown corporations.

Miss LaMarsh: There are a number of agencies, the National Film Board for instance, whose employees do not come under the act. They stand on their own feet.

Mr. Peters: Is it not the case that if we do not place these people in a class comparable with that of regular civil servants we shall find it necessary to establish conditions of wages and benefits strictly comparable to those outside, so that the corporation will have to be run strictly on a commercial basis. There is an obvious advantage in giving people who work for Crown agencies the benefit of the security which comes from employment in the public service in some fields. In wage negotiations these things are taken into account.

Miss LaMarsh: I am sorry. I have misled the hon. member. The phrase in clause 16 is "members of the corporation as such". If the hon. member turns to clause 4 he will find that the members referred to are members of the board. It does not mean the staff.

Mr. Peters: In other words, the staff would be covered as civil servants. Thank you.

Clause agreed to.

On clause 17—*Corporation Agent of Her Majesty.*

Mr. Crouse: Subclause (3) of clause 17 talks about the corporation acquiring property in the name of Her Majesty. Is it intended that this board should set up in Ottawa? Where will the physical headquarters be located?

Miss LaMarsh: We have not yet decided. I have had lots of importuning from hon. members in constituencies from the west coast to the east coast.

Mr. Herridge: I am illiterate about legal matters and I should like to ask the minister a question in connection with the same subclause. It says:

> Property acquired by the corporation is the property of Her Majesty and title thereto may be vested in the name of Her Majesty or in the name of the corporation.

Can the hon. lady explain the difference between these two types of ownership?

Miss LaMarsh: The difference is not really significant; it does not mean anything. A piece of property, real or personal, can be owned by the Film Development Corporation or it can be owned by the Queen in right of Canada.

Mr. Herridge: The minister is really telling us that this is superfluous.

Miss LaMarsh: No. A contractual agreement might be drawn up in England or in the United States, or in some other place. This provision ensures that either form will be appropriate.

Mr. MacDonald (Prince): As the minister said earlier, I am new at this game and I am not sure whether I am correct, but it would seem to me that legislation of this kind should indicate the location of the head office. I refer to this because I am concerned that it should not be located in one or two places which might be detrimental to the basic purpose of the corporation.

For instance, I think it would be a bad thing to have the office space of this corporation located in Montreal, in the same building as the National Film Board. I have nothing against the National Film Board, but if this new agency is to function as a separate entity it is important that it does not become an appendage of another which is connected with the production of motion pictures. This is why I think we should have a specific statement from the minister as to where the headquarters of the corporation will be.

Miss LaMarsh: I do not know. I doubt whether the acts setting up the C.B.C. or the National Film Board indicated where the head offices would be. In one case the head office was moved from Ottawa to Montreal. In another, the Fowler report wanted the office moved and there was no suggestion the legislation would have to be amended so that this might be done.

If I were asked to make a personal choice, I would say Niagara Falls, but no doubt there would be 264 objections from other parts of this chamber if I were to do that. The same would probably be true if I chose Summerside. So it might very well be located in some larger centre.

Mr. MacDonald (Prince): I would like to be assured that it is not to be located where it is likely to become part of a larger entity connected with motion picture films. This could easily extend to the C.B.C., which is the biggest government producer of films in our country today. I think it is important that this new corporation should have a life and purpose of its own.

Mr. Prittie: The motion picture industry in the United States flourishes in that part of the

country where the climate is best suited, namely the west coast, and I should like to suggest that this is where the headquarters of the corporation should be.

Mr. Nasserden: When considering all these claims I hope the minister will not forget the city of Yorkton in Saskatchewan, which is host to Canada's most famous film festival.

Clause agreed to.

Clauses 18, 19 and 20 agreed to.

Clause 1 agreed to.

Title agreed to.

Preamble agreed to.

Bill reported.

• (5:50 p.m.)

Mr. Deputy Speaker: When shall the said bill be read a third time? By leave now?

Mr. MacLean (Queens): Mr. Speaker, I do not particularly want to raise an objection, but I think we should follow the regular practice that when there are amendments to a bill it should not be read the third time the same day. Under the circumstances, however, I would be agreeable to having third reading now.

Mr. Deputy Speaker: Is it agreed that the bill be read a third time, by leave, now?

Some hon. Members: Agreed.

Miss LaMarsh moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

Mr. Deputy Speaker: Earlier this day there was agreement that when the bill which has just been passed had been completed the house would proceed to the consideration of private members business.

Mr. Howard: Mr. Speaker, in the light of the request to proceed over this hour with government business I wonder if the house might wish to make an order putting into effect the result of the discussion that some hon. members had, representatives of all parties, namely that item No. 9 under the heading private bills be renumbered as item No. 1, so that it could be dealt with as the first item of business the next time private bills are called.

Mr. Deputy Speaker: Is it agreed that item No. 9, namely, second reading of Bill No. C-239, on today's order paper, be renumbered as No. 1 under the heading of private bills?

Some hon. Members: Agreed.

HOUSE OF COMMONS

MOTION TO AMEND PROVISIONAL STANDING ORDER RESPECTING ADJOURNMENTS FOR MEALS

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I take it that in the few moments which are left we shall not proceed to consideration of private members business. Therefore I would like to state that I believe there has been unanimous agreement that during the two week period beginning February 6, 1967, the sittings of the house shall be suspended from 7 o'clock p.m. to 8 o'clock p.m. on Mondays, Tuesdays, and Thursdays, and from 1 o'clock p.m. until 2 o'clock p.m. on Fridays.

Mr. Deputy Speaker: Order. I should point out to the thouse that this is the type of motion which requires notice; but if there is unanimous consent of the house for me to put the motion now I shall do so. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. McIlraith moved:

That during the two week period beginning February 6, 1967, the sittings of the house shall be suspended from seven o'clock p.m. to eight o'clock p.m. on Mondays, Tuesdays, and Thursdays, and from one o'clock p.m. until two o'clock p.m. on Fridays.

Motion agreed to.

Mr. Deputy Speaker: It is so ordered.

BUSINESS OF THE HOUSE

Mr. McIlraith: On Monday the house will be asked to resume the budget debate, and it is our present intention that at the conclusion of the budget debate we would immediately proceed with the budget resolutions and the bills.

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

HOUSE OF COMMONS

Monday, February 6, 1967

The house met at 2.30 p.m.

CANADIAN CONFEDERATION

TABLING OF CORRESPONDENCE RESPECTING CONFERENCE PROPOSED BY ONTARIO

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to table an exchange of letters between myself and the premier of Ontario regarding the latter's suggestion for a meeting to discuss confederation.

Mr. Knowles: Are you both in favour of it?

Mr. Speaker: Has the right hon. Prime Minister leave to table the documents?

Some hon. Members: Agreed.

MR. JUSTICE LANDREVILLE

CONCURRENCE IN FIRST REPORT OF SPECIAL JOINT COMMITTEE

Mr. Ovide Laflamme (Québec-Montmorency) moved:

That the first report of the special joint committee of the Senate and the House of Commons respecting Mr. Justice Landreville, presented to the house on Thursday, February 2, 1967, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FRENCH SPEAKING TEACHERS IN PENITENTIARIES

Question No. 2,146—**Mr. Lachance:**

1. Is it true that the inmates in the Kingston penitentiary, of whom 30 per cent are French speaking, cannot benefit from the services of any French speaking teacher?

2. If so, does the government intend to correct this situation soon?

3. Does the same situation exist in the other penitentiary institutions in Canada?

Hon. L. T. Pennell (Solicitor General): 1. There are three teachers on the staff of the Kingston penitentiary, of whom one can converse reasonably well in French, but not to the extent of being able to teach in French. The services of part time bilingual teachers are available on request; however, no such request has been received from inmates. Correspondence courses are available to all inmates in both French and English. The stated percentage of 30 per cent of French speaking inmates needs clarification, inasmuch as this percentage estimate is based on the inmate's family name and not on the language spoken on a day to day basis. A large number of the inmates thus categorized were raised in Ontario and use the English language as a matter of choice.

2. Yes. The next teacher vacancy, which will occur by virtue of the retirement of any one of the teachers now on staff, will be advertised, stating bilingualism as a requirement.

In any event, it is usually possible to transfer a French speaking inmate from an English speaking institution to a French speaking institution, where he so requests.

3. Yes, a similar situation exists at Dorchester penitentiary where French speaking inmates form 23 per cent of the total inmate population.

FUNDS IN PUBLIC SERVICE SUPERANNUATION ACCOUNT

Question No. 2,232—**Mr. Knowles:**

1. What was the total amount of money in the Public Service Superannuation Account as at (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966?

2. What rate of interest does the government pay for the use of this money?

3. What amount of interest was credited to the Public Service Superannuation Account during the fiscal years ending (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966?

4. What was the total amount paid out of the Public Service Superannuation Fund during the fiscal years ending (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966?

Hon. Mitchell Sharp (Minister of Finance): 1. Balance in superannuation account as of (a) March 31, 1964, $1,856,407,622; (b) March 31, 1965, $2,161,828,358; (c) March 31, 1966, $2,390,383,091.

Questions

2. Interest is credited to the superannuation account on the last day of each quarter in every fiscal year, calculated at the rate of 1 per cent of the balance to the credit of the account on the last day of the preceding quarter.

3. Interest credited to the superannuation account during fiscal years ending (a) March 31, 1964, $71,756,270; (b) March 31, 1965, $78,715,785; (c) March 31, 1966, $89,499,085.

4. Total amounts paid out of the superannuation account during the fiscal years ending (a) March 31, 1964, $56,807,908; (b) March 31, 1965, $64,160,629; (c) March 31, 1966, $69,906,914.

ACCEPTANCE OF SANITARY CODE BY RAILWAYS

Question No. 2,238—**Mr. Reid:**

With respect to the Department of National Health and Welfare's national sanitary code applicable to Canadian railways, has this code been accepted and implemented fully by all railroads in Canada and, if not, what parts of the code have not been implemented by what railways?

Hon. A. J. MacEachen (Minister of National Health and Welfare): The potable water regulations for common carriers which have been in effect under successive orders in council since 1923 are being implemented without significant difficulties. It is generally recognized that water and ice made available on common carriers for consumption by the public are safe and free from harmful bacteria and chemicals. From time to time, sanitary officers of the Department of National Health and Welfare detect deviations from the practices or equipment specified in the regulations. These are brought to the attention of the railway authorities and corrective action as prescribed by the department is carried out by them.

In 1966 a set of additional standards was developed by the Department of National Health and Welfare after consideration of the views of the Canadian Railway Association and representatives of employee organizations, and recommended for implementation. Implementation is proceeding as older equipment is being replaced by new, or as governed by negotiation between labour and management. It is anticipated that complete implementation will require a considerable time. No detailed inventory of progress is maintained in the Department of National Health and Welfare.

[Mr. Sharp.]

*GREAT LAKES—LEGISLATION RESPECTING DISCHARGE OF WASTE

Question No. 2,368—**Mr. Tolmie:**

Is the government proposing to introduce legislation to control the increasing pollution problem in the great lakes arising from the discharge of human waste and garbage from commercial vessels now in use in the great lakes and those to be constructed in the future?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the answer to this question is yes. When the legislative timetable permits, the government intends to introduce an amendment to the Canadian Shipping Act to authorize regulations to be made respecting the discharge of sewage and garbage from ships.

KEEPER OF SANDFORD LIGHT, YARMOUTH COUNTY, N.S.

Question No. 2,424—**Mr. Bower:**

1. Has there been a change in the keeper of the Sandford light, Yarmouth co., Nova Scotia?

2. If so, how long had the incumbent held the post, what were the reasons for his dismissal and how long had the reasons for his dismissal obtained?

3. Has a new keeper been named?

4. If so, will the new incumbent be unimpeded during the day from attending the light because of his customary activities?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes.

2. Since November 1, 1964. Report received that the light was left unattended and that the incumbent who was a part time keeper receiving an annual fee of $480 was also employed full time by the provincial government. Investigation confirmed that he had been so employed as sign painter by the province for the past 10 years.

3. Yes.

4. Yes. The new incumbent has agreed personally to attend the operation of the fog horn at the lighthouse during the day.

CONVENTIONS OF COMPANY OF YOUNG CANADIANS

Question No. 2,451 (Correction)—**Mr. Hales:**

1. How many general meetings or conventions has the Company of Young Canadians held since incorporation?

2. Where were they held?

3. How many people attended each convention?

4. What were the hotel or accommodation charges for each convention, including telephone, room service, etc.?

5. What were the transportation charges for each convention?

6. Is there a report available for each convention and, if so, from whom?

7. Who are the auditors for the Company of Young Canadians and what yearly audit fees have been paid?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): I am informed by the Company of Young Canadians as follows: 1. Apart from staff meetings, meetings of the provisional council and the two training programs, the company has held one general meeting since incorporation.

2. This meeting was a regrouping of volunteers already in the field, and was held at Orillia, Ontario, from October 29 to November 5. The purpose of the meeting was to provide new training and orientation information to the company's volunteers, to provide those volunteers with an opportunity to discuss common field problems, and to assist the company develop plans for its third training program based on actual field experiences. Other volunteer regroupings are planned on a regional basis. No further centralized regroupings are planned.

3. 69

4.

Food and accommodation	$3,930.79
Telephone charges	226.78
Other charges	Nil

5. Transportation charges

Council members	$ 112.00
Volunteers	4,117.20
Staff	180.00
Consultants	329.00
	$4,738.20

6. No report is being published but a record of the sessions of the Orillia meeting was kept by the staff. The executive director reported on the regrouping to the provisional council.

7. The Auditor General. No fees are charged.

SUPPLEMENTARY WORKS PROGRAM, CAPE BRETON HIGHLANDS PARK

Question No. 2,452—**Mr. Muir (Cape Breton North and Victoria):**

1. On what date was the supplementary works program announced for the Cape Breton Highlands national park, Nova Scotia?

2. Was such an announcement made by the Minister of Indian Affairs and Northern Development, by the Minister of Labour, and if by neither, who made such announcement?

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3. How much money was allotted for the aforementioned program and what projects are to be undertaken at the Cape Breton Highlands national park?

4. How many men have been hired since the announcement of the supplementary works program, and how many men were employed immediately preceding the announcement of the program?

5. What is the dollar value of the announced program to be expended in the Victoria county area of the Cape Breton Highlands national park?

6. Of those hired since the program was announced (a) how many are veterans (b) how many are from the following areas: Ingonish, Ingonish Beach, Bay St. Lawrence, Ingonish North, Neil's Harbour, Dingwall?

7. How many men have been employed on the supplementary works program (a) from Inverness county, Nova Scotia (b) from Victoria county?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. The supplementary works program was announced on November 25, 1966.

2. Hon. A. J. MacEachen, Minister of National Health and Welfare, made the announcement.

3. $100,000 was allotted for the program. Projects are as follows: (a) Black Brook campground—day-use area. (b) Sanitation cutting. (c) Broad Cove campground expansion. (d) Construction of picnic tables. (e) Foot bridge—Warren Lake. (f) Maintenance supervisor's office—lunch-room Ingonish. (g) Installation of portable washroom at Ingonish beach. (h) Improvement to golf course. (i) Boundary line clearing. (j) Scaling slide areas —North and French mountains. (k) Hiking trail construction—Cheticamp and Fishing Cove. (l) Renovation—carpenter shop—Cheticamp. (m) Replace bridge—Robert Brook.

4. Ninety-nine men have been hired since the program was announced. No casual employees on payroll prior to program announcement. Only 39 operation and maintenance employees were on payroll before program commencement.

5. Project allocation—Victoria county, $52,900.

6. (a) Veterans with overseas service: (i) Victoria county, 8 men; (ii) Inverness county, 2 men. Veterans with no overseas service: (i) Victoria county, 4 men, (ii) Inverness county, 4 men. (b) Ingonish, 9 men; Ingonish Beach, 15 men; Ingonish North, 0; Neil's Harbour, New Haven, 7 men; Dingwall, 0; Bay St. Lawrence, 2 men.

7. (a) Inverness county, 50 men; (b) Victoria county, 49 men.

Questions

FEDERAL EXPENDITURES ON RETRAINING PROGRAMS, MANITOBA

Question No. 2,453—**Mr. Schreyer:**

1. What is the federal cost share of each of the classes or courses presently operating under program 5 of the T.V.T. agreement wiith the province of Manitoba?

2. Of the above amounts, how much is spent on operational costs and how much on allowances?

3. How many in plant or in service special training programs have been conducted either jointly with the province of Manitoba or with particular industries concerned in that province during 1966?

4. With respect to part 3 above, how much was the federal expenditure in each of these programs for (a) equipment rental (b) space rental (c) instruction (d) living allowances for those enrolled?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. The federal share of operational costs for program 5 courses is 75 per cent. The federal government also shares in allowances paid to trainees at the following rates: (a) 100 per cent of a basic $35 per week training allow ance; (b) 90 per cent of supplementary allowances up to a maximum of $55 per week per trainee.

2. Federal payments to the province of Manitoba toward the costs of program 5 courses, April 1, 1966 to January 15, 1967 were: (a) Operational expenses, $400,021; (b) Allowances to trainees, $933,368.

3. There were 47 in plant training projects initiated in Manitoba during the current fiscal year.

4. The federal expenditure toward in plant training projects in Manitoba, April 1, 1966 to January 15, 1967 were: (a) Equipment rental, approximately, $30,000. (b) Space rental, approximately, $3,000. (c) Instructional costs, approximately, $85,000. (d) The amount of the federal payments for allowances are not available because claims based upon the total attendance are not submitted until a course is completed.

CENTENNIAL TRAIN

Question No. 2,458—**Mr. Allard:**

With regard to the centennial train (a) who built it (b) how much did it cost (c) who paid for the building of this train (d) who pays for its maintenance and use (e) what will be the approximate cost of its maintenance and use during the centennial year (f) with regard to the staff, how many Canadians are there whose mother tongue is French and how many whose mother tongue is English (g) among the employees responsible for welcoming visitors (i) how many employees regard French as their mother tongue and how many employees regard English as their mother tongue (ii) what is the number of bilingual employees (h) are employees appointed to be responsible for welcoming visitors required to be bilingual and, if not, for what reason (i) would the government agree to recommend that all employees appointed to be responsible for welcoming visitors should be bilingual (j) where and how were each of the employees for the centennial train selected (k) after the centennial tour has been completed, what will be done with this train?

[Mr. Laing.]

Hon. Judy V. LaMarsh (Secretary of State): (a) The Confederation Train made up of fifteen (15) cars was constructed by the Canadian Pacific and the Canadian National Railways and the contents of the six (6) exhibit coaches were built and installed by Design Craft Ltd., Toronto.

(b) The total cost of the train, including purchase and rental of equipment, design and installation of exhibits, equipment modification is $1,438,252.

(c) The Centennial Commission paid for the construction of the Confederation Train.

(d) The Centennial Commission is responsible for paying the cost involved in the maintenance of the train during 1967.

(e) Operating costs during the period January 2 to December 5, 1967 are estimated at $1,347,488.

(f) Of twenty-five (25) Commission personnel, excluding members of the R.C.M.P., on the Confederation Train staff, twelve (12) have French while thirteen (13) have English as their mother tongue. The manager of the train is bilingual.

(g) (i) Nineteen (19) members of the train staff deal directly with the public. Eleven (11) have French while eight (8) have English as their mother tongue.

(ii) The number of bilingual members on the train staff is twelve (12).

(h) The Centennial Commission's policy in recruiting the crew of the train was to represent insofar as possible every province and territory of Canada. The emphasis, because of need, was placed on ability in both English and French. However, the employees from Prince Edward Island, Newfoundland, Yukon Territories and British Columbia are unilingual English. The French speaking population in these areas did not produce candidates. Of four (4) recruits from Ontario, two (2) are bilingual.

The proportion of bilingual personnel is sufficiently high, in the view of the Centennial Commission, to ensure adequate service to visitors in both official languages.

(i) See reply to (h) above.

(j) The employees for the train were selected from applications received after a nationwide advertising campaign was conducted by the Department of Manpower and Immigration, and through application directly to the Centennial Commission.

The personnel division, using a three-man review board and the merit principle, either set up boards in the nearest centre to the applicant's residence, or in some cases of managerial level, brought the applicant to headquarters to appear before the three-man board.

(k) The eventual disposal of the Confederation Train is under discussion at present but no recommendation has yet been made by the Centennial Commission.

[*English*]

APPLICATION OF EASTERN TIME ZONE TO MARITIME PROVINCES

Question No. 2,464—**Mr. Fairweather:**

Has any consideration recently been given to the possibility of the maritime provinces of Canada, or some of them, becoming part of the eastern time zone?

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): No consideration has been given by the Department of Energy, Mines and Resources to the possibility of the maritime provinces of Canada, or some of them, becoming part of the eastern time zone.

The time service section at the Dominion Observatory, though charged by order in council P.C. 6784 dated August 28, 1941, as the custodian of correct time for official purposes in Canada, has no authority for the definition or regulation of time zone boundaries and there is no federal regulatory body or office in Canada to review and revise time zone boundaries.

Each province has legislation regulating the time being observed within provincial boundaries. From time to time these regulations are modified to accommodate the wish of a community near the zone boundary to adopt the time and the adjacent zone.

TENDERS FOR MAIL COLLECTION, QUEBEC

Question No. 2,468—**Mr. Ricard:**

1. From what date has Transol Inc., 500 Grande Allée East, Quebec, held the contract for collecting mail from letter boxes in the city of Quebec and the suburbs?

2. Had any calls been made for tenders?

3. If so, give the names of those who submitted tenders and the amount of each tender.

4. For how many years will this contract remain in force?

[*Translation*]

Hon. Jean-Pierre Côté (Postmaster General): 1. From November 21, 1966, Transol Inc. has held a "Combined Urban Service" contract which includes collection of street letter boxes, delivery of parcel post items and delivery of special delivery items.

2. Yes.

3. Transol Inc., 124 St. Pierre St., Quebec, 15.8 cents per item; François Nolin, Box 10, 131-7th St., Limoilou, Quebec 3, 17 cents per item; Federal Delivery Inc., 842 Moreau St., Ste-Foy, Quebec 10, 17.5 cents per item; Transport Frontenac Ltd., 256 St. Paul St., Quebec 2, 21.4 cents per item; Jean-Paul Pichette, 1995-4th Ave., Quebec, 21.5 cents per item.

4. Four years.

[*English*]

POST OFFICE HOUSEHOLDER DIRECTORY

Question No. 2,478—**Mr. Mandziuk:**

1. How often is the householder directory of each federal electoral district brought up to date?

2. Is each postmaster responsible for the correctness of the list of patrons?

3. Is the postmaster's salary based on the number of patrons at his post office?

Hon. Jean-Pierre Côté (Postmaster General): 1. Annually.

2. Yes.

3. No.

ADVERTISING OF OLD AGE SECURITY SUPPLEMENT

Question No. 2,497—**Mr. Irvine:**

1. What was the total cost of advertising or acquainting the public with the terms of the supplement to old age security since the passage of Bill C-251?

2. How many newspapers were used (a) dailies (b) weeklies?

3. What other news media were used and what was the expenditure in each case?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. It is estimated that the cost of the advertising campaign in progress to acquaint the public with the terms of the guaranteed income supplement to old age security will be $380,000. To date, no invoice has been received and no payment made.

2. To date use has been made of 105 dailies and 273 weeklies.

3. None to date. Arrangements are being made to use radio, television, booklets and informational inserts with old age security cheques.

Questions

*COST OF TELEVISION INTERVIEW WITH VON THADDEN

Question No. 2,503—**Mr. Diefenbaker:**

How much did the C.B.C. expend in securing the interview on the program "Sunday" of the 22nd of January with Adolph von Thadden (a) for payment of crew and interviewers (b) telephone and telegraph messages (c) for a honorarium or payment to von Thadden (d) total other expenditures, not including the foregoing?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I am informed by the C.B.C. that approximately $3,000 was the cost of the European assignment for a four man team which included camera fees, travel and equipment expenses. Approximately $300 was spent on telephone and telegraph messages, and $960 for film stock, processing and editing. It has not been the custom of parliament to ask that the C.B.C. disclose honoraria or payments made to individuals.

ROYAL PROCLAMATION RESPECTING NATIONAL FLAG

Question No. 2,510—**Mr. Macquarrie:**

1. How many copies of the reproduction of the royal proclamation of January 28, 1965, respecting the national flag of Canada were produced by the Queen's Printer?

2. How many requests for copies have been received from (a) individuals (b) organizations in each of the provinces of Canada?

Hon. Judy V. LaMarsh (Secretary of State): 1. (a) 35,000, size 24" x 19¼"; (b) 140,000, size 12" x 9⅝".

2. No records are kept of orders received either from individuals or from organizations.

Altogether 30,100 copies have been sold of quantity mentioned in (a) above, 26,000 copies of the smaller reproduction in (b).

PRODUCE OF EXPERIMENTAL FARM, MORDEN, MAN.

Question No. 2,512—**Mr. Douglas:**

1. What was the total quantity of (a) fruits, and (b) vegetables, produced at the dominion experimental farm, Morden, Manitoba, in each of the years 1965 and 1966?

2. In what way were the (a) fruits, and (b) vegetables, disposed of?

3. If all, or part, of the (a) fruits, and (b) vegetables were destroyed, what was the reason for their destruction?

Hon. J. J. Greene (Minister of Agriculture): 1. No estimates are available because total yields were not measured for the bulk of experimental material. Yields were calculated from harvesting representative samples of crops.

2. Samples were picked, processed, or stored for experimental use. Some material went to the Morden hospital and charitable organizations. The remainder was not harvested.

3. In any hybridization program, many thousands of plants are produced from which the outstanding specimens are selected and it is normal procedure to discard much of the remainder. It is too costly to gather and sort edible or marketable produce from diseased, overripe, and inferior material.

TRADE MISSIONS IN CONJUNCTION WITH EXPO '67

Question No. 2,557—**Mr. Reid:**

Are there any trade missions planned for 1967 in conjunction with Expo '67?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Yes. The trade missions program of the Department of Trade and Commerce is highlighting Expo '67 by concentrating on incoming missions whose memberships will all have the opportunity to visit Expo '67 at the conclusion of their Canadian tours. Tentative plans anticipate about 20 incoming trade missions in the fiscal year commencing 1 April, 1967.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RECOMMENDATIONS OF ECONOMIC COUNCIL RESPECTING EXPORT OF END PRODUCTS

Question No. 2,355—**Mr. Stanbury:**

What action is being taken and is planned to implement the recommendations of the Economic Council of Canada, that Canada increase the export of end products?

Return tabled.

TOLLS COLLECTED, QUEBEC WHARVES

Question No. 2,412—**Mr. LeBlanc (Rimouski):**

For each of the past five years, what were the gross and net totals for tolls collected at each of the following wharves: Rivière-du-Loup (main wharf), Rivière-du-Loup (river wharf), Rimouski East, Pointe-au-Père, Matane, Trois-Pistoles, Cap Chat, Ste-Flavie, Ste-Anne des Monts, Mont-Louis, Marsoui, Gaspé, Sandy Beach, Chandler, Forestville, Baie Comeau, Sept-Îles, Hâvre St-Pierre, province of Quebec, plus Bathurst and Dalhousie, province of New Brunswick?

Return tabled.

WINTER WORKS, PONTIAC AND TEMISKAMING COUNTIES, QUEBEC

Question No. 2,456—**Mr. Lefebvre:**

1. What projects have been approved this winter under the winter works program in (a) the county of Pontiac (b) the county of Temiskaming, and how large are they?

2. What was the total sum paid to each municipality, taken individually in (a) the county of Pontiac (b) the county of Temiskaming, under last year's program?

3. Have all the municipalities in these two counties received payment for winter works completed last year?

Return tabled.

MARITIME UNIONS BOARD OF TRUSTEES

Question No. 2,498—**Mr. Herridge:**

1. What was the total amount of the indemnity received to December 31, 1966, by each trustee of the board of trustees of the maritime transportation unions since the board was established?

2. What amount did each receive for expenses since the board was established up to December 31, 1966?

3. How many persons have been employed by the board of trustees of the maritime transportation unions since it was established up to December 31, 1966, and what is the amount of salaries and expenses received by each employee to December 31, 1966?

4. What is the total amount of other expenses incurred by the board of trustees of the maritime transportation unions from the date the board was established until December 31, 1966?

Return tabled.

• (2:40 p.m.)

FINANCE

BANK OF WESTERN CANADA—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I rise for the purpose of moving the adjournment of the house in accordance with standing order 26 to discuss a matter of urgent public importance, namely the startling disclosures made by the president of the Bank of Western Canada to the effect that:

(a) the directors of the British International Finance (Canada) Limited and Wellington Financial Corporation Limited, now the York-Lambton Financial Corporation, and/or subsidiary corporations have endeavoured to attempt to get credit from the Bank of Western Canada;

(b) that the said company or its subsidiaries are engaged in a borrowing operation with

United States banks which involves the giving of an option of 10 per cent of the total shares of the Bank of Western Canada and various arrangements designed to tie the management and operations of the bank to the operations of these United States banks, again contrary to statements made when applying for a charter, which disclosures indicate that the applicants for charter for the said bank, in making their presentation to the committee of the House of Commons on finance, trade and economic affairs, misled the committee and the House of Commons, in contempt of parliament.

I move that motion, Mr. Speaker, seconded by the hon. member for Perth (Mr. Monteith).

Mr. Speaker: Would the Leader of the Opposition address the Chair on the question of urgency of debate at this time.

Mr. Diefenbaker: Mr. Speaker, I am not going into the detail of the allegations made over the week end by the president of the Bank of Western Canada, except to say that his allegations charged that the intent of the legislation granting a charter to the bank, with the express proviso of the Treasury Board granting exemption from certain clauses of the legislation, has been infringed by the controlling organization, British International Finance, in a way to countermand the wishes and intent of parliament.

When the rights and privileges of parliament have been contravened and a prima facie case has been made out, no other matter can take primacy in this House of Commons. In other words the rights and privileges of parliament cannot be shamelessly treated or contemptuously disregarded. Whenever that takes place the urgency thereof is second to no other field or area of legislative responsibility in parliament.

It might be said that the budget debate will be commencing soon and that therefore this matter can be discussed at that time. It is difficult enough to get answers in parliament at any time during debate; how much more difficult in a matter such as this. I would hope the government would immediately agree to the adjournment of the house, to the end that the basic foundations upon which our financial institutions stand, namely integrity and honesty in the presentation of grounds for incorporation, are in no way undermined.

This is a specific issue, Mr. Speaker, dealing with the conditions under which a charter was granted by parliament and expanded by Treasury Board in its decision to exempt this

particular bank from the provisions forbidding concentration of ownership in a proportion greater than 10 per cent. The exemption was granted, one of the conditions being that there would not be financial intercourse between the Bank of Western Canada and the controlling companies with the bank being in the position of a lender. According to the president of the Bank of Western Canada this provision, by a species of financial wizardry, has been swept aside and abrogated.

• (2:50 p.m.)

Indeed, what can be more urgent than the president's statement to the effect that there had been an attempt to breach the conditions set down by Treasury Board, in other words a deliberate, intentional and indeed planned flouting of undertakings given again and again to parliament in the committee—and I have the various quotations here—to the effect that the Bank of Western Canada would not under any circumstances become a kind of milch cow for the Stevens group. Yet that is one of the things the president says is being attempted.

If the facts alleged by the president of the bank are true we have an issue that goes to the heart of parliament's rights. Parliament must go into the financial operations of this group, the Stevens group from Toronto, and British International Finance Corporation. It must look into the power that has been accumulated over six years when less than $300,000 of capital, by reason of interlocking directorates and other manipulations, has given two or three men control over $130 million of capital in various corporations, the Wellington Bank, York-Lambton Financial Corporation, York Trust, Canada First Mortgage, and so on.

These are matters that cannot be dealt with in a budget debate. We cannot get answers. I was away for a few days during the recent debate on unification. On reading the reports I find I missed nothing in the way of information. The minister gave no information at all.

We want to guard against that. We ask for the opportunity of debate, to learn whether the allegations are correct and to put an end to the kind of financial operation exemplified by Mr. Stevens saying that the president of the Bank of Western Canada had only a $7,600 interest in these corporations. What business had Mr. Stevens to say that? That type of arrogance deserves to be looked into. Parliament has the right to investigate this matter. Every hour of delay leaves open the door for further important financial repercussions which affect the lives of Canadians. We do not want another financial mess on our hands such as we have had recently.

There has been too much nonchalance regarding these financial matters. I say they must be dealt with now. They require the fullest inquiry. We want to know from the government whether there was deception.

I have here the record of the evidence given in the committee. I say, on the basis of the evidence given by Mr. Stevens, what has taken place here is a flouting of the pledged word. The whole labyrinthine complex of the Stevens combine must be looked into. It cannot be done by questions. Questions have been asked all the way through. On December 1, 15 and 16 I endeavoured to secure from the minister or Prime Minister some indication of concern by this government regarding what was being done. On January 17 I again raised the matter with regard to the Treasury Board exemption. On January 18 the Minister of Finance tabled Treasury Board Order No. 658,534. The hon. member for Nanaimo-Cowichan-The Islands asked what was the meaning of the series of operations reported in the press, in December, having the effect of concentrating control in the hands of a few individuals. The minister promised to look into it, but a licence to operate was issued regardless.

This is a serious matter, something which cannot be glossed over. This is the first opportunity parliament has had to inquire into it. There is no other way in which we, on behalf of the Canadian people, can ensure that such experiences as Prudential Finance, insurance company bankruptcies and the like shall not become permanent features of the financial landscape. Nothing comes before the right of members of parliament to examine and cross-examine. They received an assurance that these things would not take place. Now the president of the bank resigns because he says that undertakings honestly given, as he says, have been contravened. We cannot shut our eyes to the revelations which have been made.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): As Your Honour is aware, I had prepared a motion to the same effect as that prepared by the Leader of the Opposition, though I must say at the outset that I had hoped a statement from the Minister of Finance would have obviated the necessity for presenting such motions. Indeed, I am

somewhat surprised that he did not seize the opportunity when it arose.

As to the matter of urgency of debate, I think really there can be no question about that. Here we have a situation in which, for the first time in many, many years, a chartered bank of Canada—and no matter how slightly the Bank of Western Canada has entered into the banking field it is now one of Canada's chartered banks—comes under the winds of suspicion. I suggest that unless the government is prepared to announce certain action to correct the situtation we may well create a lack of confidence in the whole banking structure, something which we in this country cannot afford.

Another argument in respect of urgency is that at this very moment we are in the process of carrying out the decennial revision of the Bank Act, which is now before the committee on finance and economic affairs. If something is to be done about this specific case something must also be done about the arrangements which were made under the Bank Act and certain provisions in the bill before us. I do not think this is a matter which can be left where it is in the absence of a declaration by the government of Canada clearly indicating that this is an occasion for serious concern, especially when it arises, as it does, after a number of events in the financial world which have badly shaken the confidence of the Canadian people. Also, I might say, the government's reluctance to assert its authority in some areas in which it is suggested there is no doubt about its provenance gives rise to a certain amount of misgiving and apprehension as to whether the government is fully seized of the nature of the events now revealed by the president of the Bank of Western Canada.

Before I close, may I say I think we should commend Mr. Coyne for his frankness in bringing this matter before the people of Canada. He may have been naïve in his choice of business associates, but I suggest no member of this house and no member of the public has ever had any doubts about Mr. Coyne's honesty and integrity. I urge you to accept this motion, Mr. Speaker, so the people of Canada may be reassured with regard to the affairs of one of the chartered banks of Canada.

Mr. Speaker: The Minister of Finance.

Mr. Sharp: Mr. Speaker—

Mr. Speaker: I did not notice that the hon. member for Red Deer had risen. Perhaps the Minister of Finance would allow the hon. member for Red Deer to make his remarks before taking part in the debate.

• (3:00 p.m.)

Mr. R. N. Thompson (Red Deer): Thank you, Mr. Speaker. My remarks will be very brief. With regard to the importance of the topic which has been raised at this time, in my opinion there can be no doubt that a trust has been violated so far as this house is concerned, and to have something like this come up at a time when we are considering the over-all banking picture is certainly very disturbing. I believe it is in the national interest that it be dealt with as quickly as possible.

I join with the hon. member for Nanaimo-Cowichan-The Islands in saying that one would have thought the Minister of Finance would have taken the lead and made a statement on motions, because it was only to be expected that this important matter would be raised today.

Notwithstanding the fact that the committee on finance, trade and economic affairs is currently meeting and the Minister of Finance is appearing before it as a witness, I believe the importance of this issue is such that it is imperative we debate it. Therefore, Mr. Speaker, as you are making your decision I trust you will have regard to this aspect of the matter, and I hope your decision will be in favour of the motion made by the right hon. Leader of the Opposition.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I think it is highly desirable that the charges made by Mr. Coyne should be investigated, but I doubt very much whether they can be successfully investigated on a motion to adjourn the house.

Mr. Coyne has made certain specific charges against his colleagues in the Bank of Western Canada. I believe those should be investigated. This morning I also received a message from Mr. Sinclair Stevens which I should like to read:

> I am sorry I missed speaking with you at the Park Plaza yesterday and I was unable to contact you by telephone this morning but I wish to assure you that my associates and myself are more than willing to meet with you personally or to appear before any committee or other group that you may feel desirable to clarify or contradict statements which are attributed to Mr. Coyne in the press.
>
> Sinclair Stevens.

I do believe it is highly desirable, Mr. Speaker, that both Mr. Coyne and Mr. Stevens should appear before the committee

of this house on finance, trade and economic affairs, before which the original application for the charter of the Bank of Western Canada was heard and where Mr. Coyne, incidentally, would like to make some suggestions about further amendments to the Bank Act.

Personally I have no difficulty in dealing with the government's responsibility in this matter, but before I am asked to make a judgment, which I am required to make under the act, I would like to know what the issues are, and I do believe that we would better advance the business of the house and the business of the nation, in which we are all interested, if these charges and the reply of Mr. Stevens could be heard before the standing committee of the house which is charged at the moment with the amendments to the Bank Act.

Moreover, Mr. Speaker, if we just wanted to have a general discussion about this matter, there is ample scope in the budget debate.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I say a word on the matter of urgency. The Minister of Finance has argued that this matter should be investigated but that it can be more properly investigated by the standing committee on finance, trade and economic affairs, and that he would be quite prepared to make a statement to the house but it is necessary that he know what the charges are.

I want to suggest to Your Honour that the matter of urgency has not to do solely with the question of charges by Mr. Coyne. The matter of urgency has to do with the manner in which the Minister of Finance himself has been discharging his responsibilities. The commitments which were made by the Bank of Western Canada through the banking committee of the House of Commons prior to the bank's incorporation are one thing, but there is an agreement between the Treasury Board and the Bank of Western Canada, which arose out of the extension of the ownership clause to allow them to hold more than 50 per cent of the stock. That agreement was specific in setting out what the bank could not do. It could not make loans to the B.I.F. companies; it could not deposit money with those companies, that it could not guarantee any liability of that financial group or purchase any assets from that financial complex.

It seems to me the house has a right to a statement from the minister as to whether this agreement has been complied with, whether any of the provisions of this agreement have been violated or circumvented. It is not now a matter of the charges of Mr. Coyne versus Mr. Sinclair Stevens. The question at the moment is whether the Minister of Finance, who is the watchdog for parliament and the Canadian people with respect to the operations of this bank, has been doing his duty, and whether he can assure this parliament that the bank has complied fully with the agreement.

If he cannot tell us that, then we are in a bad way. If there has been no investigation, or if there has been no supervision, then certainly we are in a bad way. Surely we do not have to depend on Mr. Coyne and Mr. Stevens to tell the house whether an agreement, entered into between a chartered bank and the Canadian Treasury Board, has been lived up to in every detail. It seems to me this is a matter which makes it most urgent that the subject be discussed.

There is also the matter of the bank itself to be considered, and public confidence in it. This will not be cleared up until the Minister of Finance has given us the kind of assurance that I have suggested he ought to be able to give us at this time.

Mr. Sharp: Mr. Speaker, not in the interests of prolonging this debate but because of the effect of these statements upon public confidence, may I be permitted to extend the few remarks I made? I was trying to avoid dealing with questions of substance—

Mr. Speaker: Order. I suggest to hon. members that if we were to give effect to the suggestion now made by the Minister of Finance we would effectively get into the debate itself. I am sure that to some extent, to some considerable extent, we have gone beyond the very limited question of urgency of debate to which we should normally be restricted by virtue of the standing order itself, as dealt with in citation 100 of Beauchesne. The decision I have to make at the moment is on whether there is urgency of debate.

I refer hon. members to citation 100(3) in Beauchesne's fourth edition:

> "Urgency" within this rule does not apply to the matter itself, but it means "urgency of debate", when the ordinary opportunities provided by the rules of the house do not permit the subject to be brought on early enough and public interest demands that discussion take place immediately.

I am in full agreement with the submissions made by the right hon. Leader of the Opposition, the hon. member for Nanaimo-Cowichan-The Islands and the other hon.

members that this is a matter of urgency, but the house is in a position where, within an hour or so, we will revert to consideration of the budget.

A suggestion was made by the Leader of the Opposition that it might be easier for the opposition to obtain information and the views of the government if the debate on this important matter were held under the terms of standing order 26 rather than in the course of the discussion on the budget, but I cannot agree with this suggestion. It seems to me that the only difference between one debate and the other is that speeches during the budget debate are limited to 30 minutes, and speeches in a debate under standing order 26 could be for 40 minutes. That is the only procedural distinction I can see between the two types of debate.

Hon. members will have an opportunity to make their statements later on this afternoon and in the course of the evening, and for all intents and purposes I would think we would achieve the same objectives during the budget debate as those which are sought at the present time by the mover of the motion, the right hon. Leader of the Opposition.

EXTERNAL AFFAIRS

NORTH VIET NAM—PROVISION OF MEDICAL SUPPLIES AND POSSIBLE PEACE FEELERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. I wish to ask him whether he would elaborate, for the benefit of parliament, on the statement he is reported to have made over the week end to a group of students to the effect that Canada, if requested, would send medical supplies to North Viet Nam. I should like to ask him how this statement fits in with the minister's oft repeated declaration that North Viet Nam is in fact the aggressor and must be dealt with as such.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as I said in answer to the students, and as I had said in answer to another question a few days ago in the city of Ottawa, there has been no request for medical supplies for North Viet Nam by the government of North Viet Nam. Any assistance given by Canada under its external aid program is in pursuance of a request from a government. If a request came from the government of North Viet Nam it would be examined in the light of the over-all picture. That is what I said on Friday and that is as far as I can go. If such a demand does come it will be examined by the government in the light of all the circumstances.

Mr. Diefenbaker: Mr. Speaker, I can make no observation on that factual statement, but I should like to ask the hon. gentleman whether he is in a position to advise us whether anything in the nature of authentic peace feelers have come to Canada from North Viet Nam within the last five days; and has the minister, the Prime Minister or either of them been in touch with Washington suggesting that as a preliminary to hopeful or fruitful negotiations a cessation of the bombing should take place at once?

Mr. Martin (Essex East): Mr. Speaker, the Canadian representative on the Viet Nam international control commission is now in Ottawa. He has been reporting to the government. He was in Hanoi on January 6 and remained there for a period of eight days. We have been in consultation with the government of the United States as well as other governments, but I am sure my right hon. friend will appreciate that, if efforts in this area are to succeed, what is desirable now is that there should be careful consultation conducted within the context of confidential discussions, until such time as it is possible to take a more public position.

Mr. Diefenbaker: Mr. Speaker, I have one other question for the minister. Is he in a position to deny the suggestion which appeared in the press that because Mr. Ronning has dared to speak out, he is going to be required to cease his efforts on behalf of Canada in relation to North Viet Nam?

Mr. Martin (Essex East): There is no basis whatsoever for the suggestion that because Mr. Ronning has exercised the rights of a free citizen he should not be used, as he was constructively used for the two visits he made to Hanoi on behalf of the Canadian government.

Mr. R. W. Prittie (Burnaby-Richmond): I have a supplementary question, Mr. Speaker. It is supplementary to the first question asked by the leader of the official opposition. I wonder whether either the Prime Minister or the Secretary of State for External Affairs is in a position today to report to the house about the request from the Quakers for medical aid; not a request from the government, but a request from the Quakers.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): A reply to that question is going out this afternoon and should be in the hands of those who made the request tomorrow. I would prefer to make known the nature of the reply after they have received the answer. I expect to be able to make a short statement on the matter tomorrow.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Is it expected that Mr. Chester Ronning will use the same channels in his contacts with North Viet Nam?

Mr. Martin (Essex East): The channel which Mr. Ronning established successfully on the two occasions in March and June of 1966 continues to be open. We have had confirmation of this fact and the government has stated, through me and through the Prime Minister, that we are prepared to use this channel when we are satisfied that there is the slightest reason for it being used again. In the meantime our representative on the commission has been to Hanoi, as I said, on January 6. One of our military officers will be in Hanoi next week. There will be continuous contact with the government of the north. This is known to the government of the north. We are disposed to do anything we possibly can in this situation if the opportunity presents itself.

Mr. David MacDonald (Prince): May I ask a supplementary question, Mr. Speaker. My question is in the form of a suggestion to the Prime Minister. For some days now, or some weeks, there has been considerable discussion and interest both in the house and in the country with regard to the rapid developments in Viet Nam. I wonder whether the Prime Minister would consider giving directions for the calling of the committee on external affairs so it could hear key witnesses on this subject particularly the people we have had in Viet Nam over the past year. I think this is important especially with the discussions presently going on with the United States.

Mr. Pearson: I think this might be useful. I understand from the Secretary of State for External Affairs that some arrangements are being considered in this regard at the present time.

[Mr. Prittie.]

HIGHWAY SAFETY

CANADIAN STANDARDS ON MOTOR CAR SAFETY DEVICES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the hon. and gallant Minister of Industry. I might say, Mr. Speaker, that I have been waiting for 52 years to ask a question in the hope of putting a brigadier on the spot. In view of a Washington report to the effect that a safety consultant has resigned his government post because he cannot in good conscience accept the government's safety standards, as they will not contribute effectively to safety since they are totally inadequate; and as we have a tendency in Canada to follow United States action in this regard, can the minister assure the house that Canada's auto standards when announced will be totally adequate and contribute effectively to safety?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, in reply to my equally hon. and gallant colleague in the house, I regret that he has not chosen the right opportunity to put a former army colleague on the spot. The resignation which has taken place reflects a difference of opinion between Dr. Haddon and one of his advisers. As the hon. gentleman knows, I think, all these questions of additional safety measures for automobiles represent a compromise between practicability and the desirability of assuring a maximum of safety. These are matters of judgment, and as you know judgments are not always the same. I can assure the hon. gentleman, however, that in this country we will have the safety of the public as our foremost preoccupation.

[*Translation*]

HOUSING

INQUIRY AS TO FINANCING OF PREFABRICATED HOUSES

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I would like to direct a question to the Minister of Labour.

Can the minister tell us if the Central Mortgage and Housing Corporation has agreed to finance the purchase of prefab houses which the Aluminum Company of Canada is planning to build in Canada? Can he tell us also if studies were made to establish if those houses meet present housing standards in Canada?

Mr. Speaker: The hon. member will no doubt allow me to tell him that his question is of a very general nature and not so urgent that it cannot be put on the order paper.

[*English*]

FINANCE

INQUIRY AS TO TAXATION COMMISSION REPORT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Finance. I wonder whether the minister would inform the house when he expects the commission report on taxation to be tabled?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I hesitate to give a date until I am absolutely sure of it. I am not yet absolutely sure.

BANK OF WESTERN CANADA—LOANS TO PREFERRED SHAREHOLDERS

On the orders of the day:

Mr. Joseph Macaluso (Hamilton West): Mr. Speaker, I have a question for the Minister of Finance. Has the Bank of Western Canada or any of its shareholders asked the minister to permit the bank to make loans to any of its preferred shareholders in accordance with the terms of the order in council of August 3, 1966, which I believe is No. 658-530?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the answer to that question is no. The terms of this order prohibit the Bank of Western Canada directly or indirectly making any of its funds available to any of the preferred shareholders without the prior approval of the Minister of Finance.

I want to say two things. First of all, no one has asked me as Minister of Finance to give my approval. Second, I have made it clear to the people concerned that if I was asked for any such approval it would be given only under the most exceptional circumstances, because the terms of that order are intended to separate the financial operations of the Bank of Western Canada and those of its shareholders.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question for the Minister of Finance. Could I ask the minister whether, in the light of the circumstances referred to by the hon. member for Hamilton West to which the minister just replied, he has been in contact with the chairman of the committee on finance and economic affairs to arrange for the two gentlemen, Mr. Coyne and Mr. Sinclair Stevens, to appear before the committee, which according to their statements they both wish to do?

Mr. Sharp: Mr. Speaker, I have had a brief conversation with the chairman. I would not like to commit him but I think he would welcome this provided that it did not prolong unduly the discussion of the provisions of the Bank Act.

Hon. J. W. Monteith (Perth): Mr. Speaker, the minister mentioned a moment ago a communication he had received from Mr. Stevens. Has he had any communication whatsoever with the president of the Bank of Western Canada since late last week?

Mr. Sharp: No, Mr. Speaker, I have not had any communication with Mr. Coyne since the time he made his statement. I did have a telephone conversation with him in which he told me that he was going to make a statement. He did not tell me the nature of the statement, but he gave me advance warning that one was going to be made.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): A supplementary question, Mr. Speaker. The minister has said that he informed certain individuals that if such an application was made, namely to have loans from the Bank of Western Canada to this great complex of financial monopoly, it would not be granted excepting under stringent rules, as I understood him. Who were these people with whom he communicated? When did he communicate this view to them? Was it before or after the president of the Bank of Western Canada made his statement to the press?

Mr. Sharp: Until the president of the Bank of Canada, Mr. Coyne, made his statement I was unaware of this issue. The order speaks for itself. The order says this bank shall not have financial dealings of the kinds outlined in the order with its preferred shareholders. This is the law. As far as I am concerned the law is going to be enforced. The only question that arises is the circumstances under which I might give prior approval to something that would otherwise be prohibited. I have said in this house that there would have to be very exceptional circumstances for me to give that approval. I have had no application from anyone asking me to exercise this discretion.

Mr. Diefenbaker: That answer does not cover the situation at all. The treasury order says it shall not take place except under the exercise by the minister of a discretion, which he says will be restricted to the limit. In all the circumstances revealed by the president of the bank, is not the minister prepared to say that in this case it is not going to be granted?

Mr. Sharp: Mr. Speaker, I am sure the right hon. gentleman would not want me to make any such statement, or expect me to do so.

Mr. Diefenbaker: I do.

Mr. Sharp: The law says there shall be no such transactions except with the prior approval of the Minister of Finance, and we are not going to change that law. Because I do believe there may be very exceptional circumstances in which it might be in the interests of the public and in the interests of the shareholders for some sort of transaction to take place, I could not say in advance whether this would be so. But I make it quite clear again that this order was drawn and approved precisely for the purpose of preventing the sort of financial relations between the Bank of Western Canada and its shareholders that I believe should be prohibited.

Mr. Diefenbaker: Does the minister not agree that when evidence was given by the Stevens interests before the committee there was a specific undertaking that this would not be done, and that this vast complex of companies would not be able to get itself into the trough and borrow from the bank controlled to the extent of 51 per cent by the Stevens firms?

Mr. Sharp: I am not completely aware of what went on before the committee, but I do know that as Minister of Finance I would not have approved of an arrangement relating to the Bank of Western Canada unless those terms had been in the order; because I personally, and the government as a whole, believe that these kinds of transactions between the Bank of Western Canada and its preferred shareholders are not desirable.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the minister a supplementary question. The minister has said that Mr. Coyne phoned him prior to the time Mr. Coyne made his public statement. I would ask the minister whether Mr. Coyne divulged to the minister the nature of the statement he was about to make, and whether as a result of that information the minister took any steps to investigate if there was any danger of the terms of the agreement being violated or circumvented.

Mr. Sharp: Mr. Speaker, I thought I had just answered that question very clearly. I said Mr. Coyne did not divulge the terms of his announcement to me. Indeed, he said "I do not think you should know what I am going to say."

Mr. Douglas: A supplementary question, Mr. Speaker, so I may be quite clear about it. Am I to understand that Mr. Coyne merely phoned the Minister of Finance and said he was going to make a statement, but he was not going to tell him what it was?

Mr. Speaker: Order, please. Hon. members will recognize that I have exercised a considerable degree of leniency with respect to the questions that have been asked on this very important and urgent matter, but I do not think the question period should be allowed to change into a series of questions in examination and cross-examination.

Mr. Diefenbaker: Would you allow one more question, Mr. Speaker?

Mr. Speaker: One more question in cross-examination by the right hon. Leader of the Opposition.

Mr. Diefenbaker: Mr. Speaker, I thought all the sharks were in the ocean off Florida, but since I came back and read Mr. Coyne's statement I find that I was wrong. Will the minister answer the question I put to him a while ago, when he stated voluntarily that one or more of these people had communicated with him to ask what was the attitude of the government in regard to granting such a discriminatory right? Will he tell us who are the people who telephoned him in that connection suggesting that they would like to have his consent?

Mr. Sharp: No, Mr. Speaker, no one has asked me for prior approval of anything. I said that I had indicated to one or two people since Mr. Coyne made his statement that the terms of the order speak for themselves, that I was not going to give approval to transactions of the kind outlined here, and that it would require very exceptional circumstances for me to exercise my discretion. I said that in one case to Mr. Sinclair Stevens and in another to another member of the associated group.

Mr. Diefenbaker: Will the minister tell us who that other person was?

Mr. Sharp: I would have to refresh my memory, Mr. Speaker.

AGRICULTURE

REQUEST FROM MANITOBA FOR NATIONAL FARM CONFERENCE

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is directed to the Minister of Agriculture. I would like to ask him whether the government has received from either the premier of Manitoba or his minister of agriculture a formal request to call a national conference on agricultural policy centring on one basic theme, namely farm income.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I believe a request was received from the province of Manitoba with respect to a national farm conference. I do not recall that it was to be specifically limited to farm income.

Mr. Enns: A supplementary question, Mr. Speaker. Do I take it from the answer of the minister that such a conference is being called or planned?

Mr. Greene: Mr. Speaker, I stated that the request had been received. The department officials are now considering the practicability of such a conference and whether it could have any useful results.

[*Translation*]

SHIPPING

ST. LAWRENCE RIVER—MAINTENANCE OF WINTER NAVIGATION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to put a question to the Minister of Transport.

Since a few ships are now ice-bound on the St. Lawrence river between Sorel and Montreal and others are being delayed precisely because the river is closed to shipping, a situation which threatens to last several more days, can the minister tell us whether his department is making special efforts to open the St. Lawrence river so as to enable those ocean-going vessels to go through?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not have any later information than what I read in the *Gazette* this morning to the effect that all the ships have been freed largely as a result of the efforts of the coastguard.

[*Translation*]

Mr. Grégoire: A supplementary question, Mr. Speaker. Is the minister suggesting—I am afraid I did not understand correctly—that all ice-bound vessels and all those unable to go through, can now proceed on the St. Lawrence as far as Montreal?

[*English*]

Mr. Pickersgill: I said, sir, that I read that in the *Gazette*. I did not say I knew it of my own knowledge. I read the item just before I came into the house and I have not had time to make any check on it. However, I would imagine that since it appeared in the *Gazette* it is likely to be accurate.

[*Translation*]

Mr. Grégoire: On a point of order, Mr. Speaker.

Under the rules of this house, anyone seeking to put a question based on a newspaper item is immediately called to order and his question ruled unacceptable.

Now, here we have ministers quoting newspaper items to give information to members.

Mr. Speaker, I feel that this is out of order, that you have given your ruling on this point on several occasions and that the minister is not entitled to give—

Mr. Speaker: Order.

Mr. Grégoire: —answers based on newspaper reports.

Mr. Speaker: Order, order.

[*English*]

Mr. Thomas M. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. Will the minister inform the owners of these ships that the ports of Halifax and Saint John are open all the time, and that they will not have any trouble if they go there?

Mr. Pickersgill: If they have any doubt about it I will certainly resolve that doubt.

[*Translation*]

Mr. Grégoire: A supplementary question, Mr. Speaker. Would the hon. minister make sure that it is the same for the port of Montreal?

Mr. Pickersgill: That will depend on circumstances, Mr. Speaker.

Inquiries of the Ministry

[*English*]

LABOUR CONDITIONS

AUTOMOBILE AGREEMENT—MEETING WITH UNIONS RESULTING FROM LAY-OFFS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Industry following the question I asked him on Friday with regard to a meeting which the United Automobile Workers were trying to arrange with certain ministers to discuss the employment situation and factors arising out of the Canada-United States auto agreement. The minister said on Friday:

> I have not been able to communicate with the Minister of Labour in this regard, but I have every expectation the matter will be satisfactorily resolved.

The matter to be resolved was to be discussed at a meeting which was to last half an hour, from 12.30 to one o'clock on Wednesday, and those concerned felt quite properly that half an hour would not begin to make it possible to look into this matter adequately. Has the minister been able to resolve this matter with the Minister of Labour and the Minister of Manpower and Immigration, who I believe are meeting the U.A.W. delegation?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have not been able to speak to the Minister of Labour but I have seen the telegram which was addressed to him. Knowing my colleague the Minister of Labour, I am sure this matter will be resolved satisfactorily.

HOUSE OF COMMONS

CONSIDERATION OF COLLECTIVE BARGAINING FOR EMPLOYEES OF PARLIAMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Has the government taken note of the recommendation contained in the sixth report of the joint committee on the public service of Canada to the effect that consideration should be given to the introducing of legislation to provide for collective bargaining for the employees of parliament similar to that which is to be provided to public servants generally? Is favourable consideration being given to this recommendation?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, perhaps I could answer this question. I understand that the matter was considered by the committee dealing with the public service legislation, and of course the report of the committee will be given due consideration by the government.

CANADIAN CENTENNIAL

FAILURE OF ARMED FORCES TATTOO TO APPEAR IN KOOTENAYS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Defence based on representations from Kootenay West and Kootenay East. Can the minister inform the house why the Canadian armed forces tattoo "Red Train" will not appear in any place in the Kootenays, British Columbia, during centennial year?

Mr. Speaker: Order, please. I do not think this is the type of question which can be asked at this time.

AIR POLLUTION

EQUIPPING OF AUTOMOBILES WITH PROTECTIVE DEVICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in view of the announcement made in Washington last Saturday relating to United States federal regulations for air pollution standards for cars, has the Minister of Industry carried out the undertaking which he made to the house a number of days ago? Has he got in touch with the automobile industry to make sure that the clean air package will be introduced in Canadian cars as standard equipment?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, when this question was first asked I pointed out that the extent to which the so-called package is needed in Canada is currently under investigation by the Department of National Health and Welfare as this is a feature more related to air pollution than to auto safety. I am advised that the Department of National Health and Welfare have not yet concluded their studies.

Mr. Grafftey: A supplementary question, Mr. Speaker. Is there any doubt whatsoever on the part of the government that the air pollution problem is as severe in Canada as it is the United States?

Mr. Speaker: Order, please.

TRANSPORT

ST. LAWRENCE SEAWAY—PROTESTS FROM FARM ORGANIZATIONS RESPECTING INCREASED TOLLS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I wish to direct my question to the Minister of Transport. I understand that the minister will be making a statement on February 15 regarding operations on the St. Lawrence seaway. Has he received letters from farm organizations expressing opposition to any increase in seaway tolls because of the higher cost which this would entail for grain shipments?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, this is the first time I have heard I am going to make a statement on February 15, so the rest of the question would not be relevant.

Mr. Pascoe: Will the minister not be making a statement on February 15?

Mr. Pickersgill: I have no such intention at present, but I might take it into my head to do so later.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed, from Monday, December 19, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. David Lewis (York South): Mr. Speaker, in resuming the budget debate which was adjourned some time ago I want to say that it is very difficult to say anything about the budget because in my opinion and that of my colleagues it was an entirely unnecessary exercise in which the Minister of Finance indulged last December. I think it was shameful of him to have attempted it, and I suggest it was a deliberate attempt on his part to frighten the Canadian people away from seeking increases in social welfare programs from now on with the threat that there would be an immediate and equivalent increase in taxes.

• (3:40 p.m.)

This becomes clear, Mr. Speaker, when we look at some of the statements which he made on December 19 when he introduced this so-called mini-budget. He said that he was introducing these taxes because it was necessary for the people of Canada to realize that every time they want any social expenditures, taxes for them must be found. At page 11332 of *Hansard* the minister is recorded as saying:

> It is because we are in that position that tonight we are asking the Canadian public to accept increased taxes in order that we may distribute more to our old age pensioners with low incomes.

This was an inaccurate statement, Mr. Speaker. It was a deliberately misleading statement to the Canadian people. The minister had the funds and admitted that he had the funds to distribute more to our old age pensioners on low incomes. He admitted he had the funds until at least this coming spring when he would bring down the regular budget. I suggest his statement was a deliberate misrepresentation of the financial position.

Mr. Speaker: Order. I am sure, knowing the hon. member for York South, he would not want to use words which are obviously unparliamentary. No hon. member can say in the House of Commons of Canada that a statement made by another hon. member is deliberately misleading.

Mr. Lewis: I am sorry, Mr. Speaker; I will put it this way without casting the aspersion which my previous words contained. The effect of the statement was to give a false picture of the financial position of the old age security fund in that the minister's own tables showed there was enough money in it to take care of the old age pensioners under the supplementary payments bill without requiring further taxation. In fact, time and time again in his speech the minister seemed to me to be waving his admonitory forefinger at the people of Canada as if they were school children and telling them that if they ever wanted any more social welfare they must remember they would have to pay for it and pay for it immediately no matter what the circumstances may be.

There was no reason for the budget, Mr. Speaker. Indeed, the Minister of Finance said two things about the Canadian economy during his speech on December 19 which clearly emphasized the fact there was no reason for the budget. After reviewing the situation and the developments in the past three months, the minister is recorded as saying at page 11332 of *Hansard*:

> Developments in the past three months, however, suggest to me that the undesirable acceleration of the demands upon our economy has moderated. There has been some economic readjustment taking

place following the excessive rates of expansion that occurred earlier this year. The effects of a large number of strikes have also been appearing in the statistics. My judgment is that the economic expansion now taking place is more in line with the capability of our economy to grow steadily without inflation.

This was a clear statement that there was nothing in the development of the economy at that time that justified any action by him in withdrawing any part of the purchasing power of the Canadian people. Later in his speech he certainly emphasized two or three times that in December the economic situation could not be foretold, that he had to wait, if I remember correctly, for the situation to become clearer in the United States, that events were still in a state of development and it was impossible for him to make any definitive forecast about the economy in 1967.

What does that add up to, Mr. Speaker, except a statement to the house and to the country that in fact he did not have the information necesssary to take any fiscal measures which would be related to the economic requirements of Canada? This is what he said. So far as he was able to see, the economy had levelled off, economic expansion had slowed down and no action by him was necessary. I suggest to him that he was going around the mulberry bush. At one point he said we needed no action, at another point he said he was not in a position to take action, and at a third point he said he was taking "neutral action".

What does neutral action mean? As I listened to him and as I reread his speech, I wondered what he meant. It reminded me of some people who talk about equality and insist that some people are more equal than others. It seemed to me that his December budget was a little more neutral than others. It was intended to have no effect, but it is having a deleterious effect on the economy and particularly one part of it to which I shall refer in a moment.

I really listened to the minister with amazement and I read his speech with even greater amazement. It is clearly obvious that there were only two reasons for introducing the budget. The first one was that in September, perhaps out of genuine fear of what he called inflationary pressures, he undertook to introduce a mini-budget. When December came he found it really was not necessary, but he felt that he was committed to take an unnecessary and unwise step. The second reason I have already given. It seems to me the minister was deliberately setting out to slow down social progress in Canada, to warn the Canadian people that from now on, so far as he and his colleagues are concerned, the progress of the Canadian people in regard to welfare would have to be slowed down because he said that we can no longer afford these vast payments. I say, Mr. Speaker, that this is a retrograde step, a regressive policy, an unjustified attitude in these modern times. He and I hope, as does everyone in Canada, that the Canadian economy will continue to expand. I say to him that it will be as unnecessary in the future as it has been unnecessary in the past to match welfare increases by precise increases in taxes. This is what his budget did.

I always hate even trying to be technical about these things, but it seems to me the budget was extremely illogical in another way. If the minister had come before parliament last spring and given an indication he intended to come before parliament this spring with the proposition that he must balance his budget in every way, then I could understand him attempting to balance the particular expenditures under the old age supplementary payments bill. I would not agree with him but I could understand it. However, in the same speech in which he insists he must increase taxes to raise precisely the amount it will cost to implement old age supplementary assistance payments, he also tells us the budgetary deficit is going to be greater than the amount he estimated last spring. This action, I suggest, emphasizes and underlines my suspicion that he sought to place the situation before the people of Canada in such a way as to make certain that from now on Canadians will be frightened to ask for improvement in the welfare of the young, the old or the ill because immediately they will be faced with an equal adjustment in their taxes.

• (3:50 p.m.)

I feel that this action is both unreasonable and undesirable. However, if the minister came to the conclusion that he needed a tax increase, we in this party, think that one half of the steps he took was correct. We disagree that there was any need at all for a tax increase, for the reasons I have tried to indicate. But if the minister determined that he was going to increase taxes he was certainly right in increasing the special income tax which is related to the old age security fund. As far as we are concerned the minister should have raised the ceiling even higher

than he did if he wanted more money than this increase will provide.

A careful study of the minister's budget speech shows the following situation, which really condemns beyond words his increase in the sales tax. At page 11335 of *Hansard* appears Table 2 of his budget speech and, basing himself upon the table, the minister said, as reported in the first paragraph on page 11336.

> It will be seen that with this increased maximum tax—
>
> The increased maximum tax related to the old age security fund.
>
> —the requirements of the fund, to which the law directs our attention, are met until the end of the 1970-71 fiscal year, the first full year after the age reduction program is complete.

What reason then is there, Mr. Speaker, for any further tax? If, as the table at page 11335 of *Hansard* shows, the increase in income tax in connection with the old age security fund will place the fund in such a position that it will have the necessary money to meet the progressive reduction in the age of recipients as well as the additional payments under the old age supplementary payments bill for the next five years until 1970-71 what possible reason or justification can there be for an increase in another tax?

According to the minister's argument, which I reject, it was necessary for him to raise the additional funds by way of tax. Enough money was raised for five years by the simple increase of the maximum rate of the old age security tax from $120 to $240 a year. That, Mr. Speaker, gave him all he wanted from now till the first year the full program of age reduction is complete, sufficient. I repeat, not only for the $75 a month old age security pension but also, as the table clearly shows, for the additional payments that will have to be made under the supplementary payments legislation.

Despite the fact he had already raised sufficient money—which I repeat he did not have to do in the first place—to meet his requirements, the minister then imposed a totally injustified additional 1 per cent on the sales tax. I must say he did it with some obvious feeling of shame and regret. He himself admitted that it was a regressive tax and almost apologized for imposing it. Nonetheless he did so while at the same time making more exemptions, exceptions and long apologies.

I have tried to understand why the minister took this step, and again I can only repeat my earlier suggestion, that it is his determination to rap the knuckles of the Canadian people for wanting any advance in the welfare services or of the people in Canada who require welfare assistance of any sort. If I may summarize, there was no reason for any budget at all. But if there was any reason whatever for raising extra revenue this was fully accomplished by the progressive increase in the income tax and there was no justification for any additional increase in the sales tax.

As reported at page 11337 the minister said:

> The increase in sales tax can be expected to increase the prices of those goods subject to it—

I stop in the middle of a sentence. Here is a gentleman who for a year has been crying about what he called inflationary pressures in the economy. This is a government that has been faced with constant increases in the cost of living. We have a situation in Canada where the housewives of this country have been protesting against increases in prices. A joint committee has been dealing with the problem of the rising cost of living. Without any necessity whatever for his action, and after he has met all his requirements, the minister puts on the statute books an increase in the sales tax and blandly says that the increase in sales tax can be expected to increase the prices of those goods that are subject to it.

I am aware, of course, that food and some other things are excluded from sales tax, but this sales tax hits the housewife in many other areas: clothing, fixtures, household appliances, furniture and all the other things a family needs. To impose an additional 1 per cent at a time when it is totally unnecessary and the economy does not require it is an act of sheer thoughtlessness for which the only explanation, as I have said, is the desire of the minister to rap the knuckles of the Canadian people.

The fact of the matter is that despite his action of not putting the additional 1 per cent on certain building materials, this increase has already had an effect on prices. In the same paragraph from which I have already quoted—I am not going to take the time to re-quote it, but if you will permit me to paraphrase it the minister can correct me if I paraphrase it wrongly—the minister said that in his opinion the increase should be very minimal; it should be less than 1 per cent, he said.

The fact is that there have already been price increases announced in the press of 2 per cent, 1½ per cent and more than 2 per cent on many of the goods on which this sales

tax falls, as could have been foretold by him and his advisers. There are situations where an increase of 1 per cent on a certain item would be so small a fraction of a cent that the manufacturers or others would take advantage of the 1 per cent increase in sales tax to get to the nearest half cent or full cent increase in prices, with the result that the total increase is, in fact, 2 per cent or more. Once more I ask the Minister of Finance what possible justification he can have for this thoughtless addition to the cost of living in Canada today.

I have in my hands a letter which one of my colleagues received from a building materials firm, and one paragraph reads as follows:

> Prior to the current increase—

That is, prior to the current increase in the sales tax.

> —it was possible to make up a bid using 11 per cent on everything. Now it is necessary to take some items at 11 per cent and the increased items at 12 per cent. This causes no end of work to all the trade and will no doubt result in considerable extra expense for the department, as it will entail a far greater amount of checking into the various accounts.

I have the suspicion, Mr. Speaker, that if a mistake occurs it will likely be on the side of 12 per cent than on the side of 11 per cent.

In my view, the minister ought to have looked in particular at the effect of this tax increase on housing. Instead of increasing the sales tax by 1 per cent, he should have given careful consideration to the housing needs of this country and to the question whether it was not his duty to remove the sales tax on housing materials and building supplies entirely. I suggest to him that that was his duty. It was not his duty to increase the sales tax by 1 per cent.

• (4:00 p.m.)

We are faced in this country, as the minister and every member knows, with a serious housing crisis. Everybody uses the term. In this country, in parliaments and legislatures, we have got into the habit of dealing in percentages and global figures—millions, hundreds of millions and billions of dollars. We talk of houses in terms of large numbers of homes. Sometimes I feel, when we use these figures, particularly when they are large figures, that we forget we are really speaking of the plight of thousands of Canadian families, men, women, and particularly children, who have to live in unsanitary homes, unpleasant surroundings leading to broken homes and juvenile delinquency. That is what we speak of when we talk of housing figures. Those figures represent broken lives in Canada. The Minister of Finance had a moral and social duty to be concerned about the broken lives of people living in unsanitary homes. He ought not to be concerned with the silly promise he made last September which he felt obliged to implement in December despite changing economic circumstances.

The housing facts have been placed on the record time and time again. Until this government acts and until some of the provincial governments join with it to take adequate action. They will have to be repeated. In 1965 housing starts in Toronto, in round figures, totalled 30,000; in 1966 they were about 21,000, a decrease of 30 per cent. According to the authorities we need at least 40,000 new homes in Toronto—I have been dealing with Toronto and my figures were for that city alone. Instead of 40,000 new dwellings started in 1966, 21,000 were started, about 50 per cent of the requirements of that metropolitan area.

In the whole of Canada there are about 50,000 publicly owned low rental housing units, less than 1 per cent of all dwellings in the country. The 1961 census showed that 923,000 households, just short of 1 million, in this country lived in broken down, crowded or unsanitary homes. The likelihood now is that instead of the number being under one million it has risen to about one and a half million. A great many Canadians are living in such homes.

In Vancouver from 400 to 500 families are on the waiting list for public housing, and less than half the required number of units are scheduled for completion within the next two years. They are not even completed now. This sort of thing is true right across the country. In every urban area the housing lack is disastrous for the people of Canada.

I do not refer only to new homes. Slum areas ought to be redeveloped. There is a lack of parks and recreational facilities. Air and water are polluted. All these factors are making life for many hundreds of thousands of Canadians in our larger metropolitan areas really unpleasant, unsanitary and uncomfortable.

This is the situation the minister ought to have dealt with last December and for which he ought to have made provision so that the Minister of Labour responsible for housing might have made in this house a statement that really meant something when dealing with the housing crisis. Instead, we had the

picayune policy announcement which my leader justifiably and graphically described as giving a peanut to an elephant to assuage his hunger. Because the minister and the government fail to deal with the basic issues facing the Canadian people we get little bits here and little bits there, slowly, totally inadequately, and totally undesirable in most instances.

Since the minister was determined to make a budget speech in December—I suggest he could have spared himself the trouble and us the pain had he looked at the economy and the situation then—he should also have been concerned, as he says he is, with a matter about which his colleague, the Minister without Portfolio from Toronto, is so terribly concerned. I assume that the question of the lack of adequate control by Canada of its own industry and resources must be of great concern to the present Minister of Finance. Unlike another minister of the government, he agreed to serve on the special committee of ministers going into this question. I suggest to hon. members, and this is without disrespect for the Minister without Portfolio from Toronto for whom I have a great regard, that in parliamentary history there probably is no parallel for a member of parliament being invited to rejoin the cabinet and then being promptly appointed chairman of a royal commission of inquiry. This is what the committee of ministers to look into these matters is really about.

I say to the Minister of Finance and to the government that the New Democratic Party and others have waited for years for the long promised Canadian Development Corporation. At its founding convention in 1961 our party suggested that one of the best ways of regaining greater control over Canada's economy was to establish a publicly organized, publicly directed and managed—I emphasize totally publicly directed and managed—Canadian development fund, as we called it. In it would be gathered the savings of the Canadian people in appropriate ways. In it would be placed such savings as insurance companies and the like hold, voluntarily if possible but by a requirement of the law if necessary. Such a Canadian development fund would then have the necessary savings of Canadians to invest in new industries, in underdeveloped regions of this country and, whenever necessary, in repatriating parts of the economy it may be desirable to repatriate. Two or three years after 1961 we heard from the government that it proposed to establish what it called the Canadian Development Corporation. But we find that it is now on the shelf, as are so many things this government has placed there, resting peacefully and gathering dust.

• (4:10 p.m.)

I suggest to the Minister of Finance and to the house that the concern felt by the people some years ago about Canada's economic self-reliance, Canada's economic independence, ought to be a great deal deeper today than it was even then. The fact is that the control of Canada's economy by foreign corporations continues apace. The reinvestment of undistributed profits by subsidiaries of United States corporations gives them an ever-increasing weight in the economy. Moreover, in the last two or three years there have been examples of interference with the laws and policies of Canada and attempted interference with lines of economic development in this country. All this makes it more important than ever before that we should take steps to give Canada greater economic self-reliance.

I need not recall the famous guide lines which were issued from the United States according to which Canadian subsidiaries of Unites States corporations were required to send their undistributed earnings back home to their parent companies. More recently, if we had any sense of Canadian identity and Canadian pride we all stood aghast at the temerity of the United States authorities in sending sharp notes to the Canadian government with regard to the Mercantile Bank.

Why is not the Canada Development Corporation legislation before us? What is the reason, other than the division in the ranks of the government, the difference of opinion which has been disclosed from time to time between the Minister without Portfolio (Mr. Gordon) and some of his supporters in the cabinet and other ministers with their supporters? The result of this indecision, of this conflict within the ranks of the government, is that an important piece of legislation, one which alone, in our view, can effectively bring about the control of our economy by Canadians, lies on the shelf.

These are the matters with which the minister ought to have been concerned, in my view, last December. I summarize by saying that in my opinion the supplementary budget was unnecessary and the increase in the sales tax was a shameful, undesirable imposition on the people of Canada.

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I think it would be more appropriate in debating this supplementary budget to

speak about the subjects which it did not involve rather than about those which it actually covered. I say this because there was much more left out than was put in.

From this point of view I want to say something about those aspects of the economy with which the minister failed to deal and which I consider he should have covered. First of all, let me say it is most difficult for anyone who looks at the economy of Canada today to determine with any certainty just where we are going and whether we are going there too fast or too slowly. It is hard to decide what the future holds for us in view of the government's attitude in a number of areas.

I should like to speak first of all about the government's recent action in setting up what the last speaker described as a royal commission of cabinet headed by the Minister without Portfolio (Mr. Gordon). In this regard I should like to comment on the minister's recent appearance on the C.B.C. program "Sunday". I must say I was impressed by the questioner. He put a number of very cogent questions to the minister without, I am afraid, getting any factual information whatsoever in reply. The minister is alleged to be an economic nationalist, whatever that may mean. During that interview, which I witnessed, the statement was made that the Minister without Portfolio liked to deal in facts rather than in generalities. At the same time the hon. gentleman held forth in nothing but generalities; he is not nearly as sure what the facts are since he became head of this cabinet committee as he was at his literary best when producing books for the consumption of Canadians.

Before we embark on anything which might be interpreted as anti-American policy we should look very deeply into what we are likely to derive in the way of benefits. I come from an area which looks upon American investment with a great deal of interest. A large number of our industries have been developed during the last few years as a result of our connection with the United States. We have witnessed with great concern the change of course decided on by the government—for that is what it must be.

At the annual conference of the Liberal party last year we saw what we considered to be a change of course in favour of a more realistic approach to the financial future of our country. We felt that common sense had prevailed. It appeared that the Minister without Portfolio was certainly the loser. Indeed, many businessmen in this country uttered a sigh of relief, thinking that the present Minister of Finance (Mr. Sharp) had dealt a knock-out blow. Since then, apparently there has been soul searching on the part of certain Liberals. The first thing we know is that the hon. member for Davenport re-appears on the scene. One day, we were told, he intended to resign. The next he was a member of the cabinet. And the day after he became the head of a cabinet committee to study the effect of United States investment on the development of Canada.

• (4:20 p.m.)

The Atlantic provinces are concerned about the establishment of this committee. They recall the days when the Minister without Portfolio was the head of a royal commission that recommended that certain things be done in the maritime provinces which were not in keeping with our point of view. Provincial government policies in the Atlantic region have proven in recent years that other approaches are better if we have the right kind of policies emanating from the federal government. However, the right kind of policies are not coming from the federal government today, and they will not as long as this minister has a significant say in economic policy.

Although we may stand up in righteous indignation and talk about the degree of control exercised by United States firms and their subsidiaries in Canada, I think we should look at our investment potential from the Canadian point of view and gauge it on the basis of how far and how fast we want to go. Without United States capital we would not be moving very quickly at present, and I do not see any prospect of our moving quickly in the future unless we can continue to attract United States capital to develop many of our industries or to assist us in developing them. I do not think that a narrow, nationalistic, economic policy will benefit Canada in the foreseeable future. For Canada to become upset and concerned about the amount of United States capital coming into the country is almost like a flea attacking a dog.

The government's various approaches to such subjects are difficult to reconcile. Recently we had a debate on national defence. We are turning over more and more North American defence obligations to the United States, and if we were involved in any kind of war we would be completely dependent on that country to protect our sovereignty. We do not seem to be concerned about that. On the other hand, we are told that United States businessmen who invest their money in our

country should not have anything to say about anything that happens in our country.

There is little or no evidence to suggest that American businessmen are interested in anything but the returns they can get upon the capital they have invested. I have been a member of this house for ten years and have never been approached by people associated with United States industries telling me we should do certain things for the United States because they have invested money in certain industries in this country. I am sure hon. members generally can say the same. The United States has never encouraged lobbies to force Canada to follow its line of thinking in any given situation. Indeed, every day it becomes more and more evident that Canadians speak their own minds whenever they desire on any aspect of government policy.

The tight money policy of the federal government has been damaging to the progress we are enjoying in the Atlantic provinces. Time and again we have heard leading spokesmen from the Atlantic provinces tell the government that, no matter what the situation may be in the rest of the country, so far as the Atlantic provinces are concerned tight money is a bad thing. This has been said in reports prepared by men hired by the government itself. Yet the government continues to ignore these constructive criticisms and carries on with the application of a blanket tight money policy that does irrevocable damage to our advancement.

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

Mr. Coates: I will permit one question.

Mr. Stewart: Would the hon. gentleman tell the house what Mr. Rasminsky said about the feasibility of applying a variegated money policy throughout the country?

Mr. Coates: Mr. Speaker, Mr. Rasminsky is just one individual with one particular point of view on monetary policy. Whatever he may have said, I can quote a dozen other individuals who are just as intelligent and who have a different point of view about monetary policy. Whenever a proposal is placed before the establishment, in the normal course of events the establishment will say no to it. We who come from the Atlantic provinces believe the answer should be, "Yes, this can be done," and then find ways and means of doing it.

In recent months I have seen in my own constituency the all too familiar danger signals of a recession. Major industries have been laying off men in substantial numbers. More and more people have been coming to my office telling me they are looking for work and cannot find it. These are the kind of indicators which in the past have pointed to a recession. They are the kind of indicators that were much in evidence in 1956 and 1957. They are the kind of indicators which businessmen in the Atlantic provinces, certainly in Nova Scotia, are concerned about. In this connection I would like to quote from an article which appeared in the February 3 edition of the Halifax *Chronicle-Herald*. It deals with a report made by the Truro Area Industrial Commission. The headline is, "22 Outside Firms Show Interest In Truro Park". The subheading is, "Federal Tight-Money Policy Deters Other Companies". The article, based on the report of the chairman of the commission, reads in part as follows:

• (4:30 p.m.)

While the report listed five new industries which have started operations in the area during the year with the assistance of the commission, it explained the commission believed the federal government's "tight-money policy", which has been applied during the year, was a deterrent to some of the other firms interested in establishing plants in the area during the year.

This is exactly the situation which exists in Cumberland county and especially in Amherst where we also have a very large and most modern industrial park. I would hope that in the future it would be one of the best used industrial parks in the Atlantic area.

The same situation is developing elsewhere in the Atlantic provinces where in many instances the people have to depend on the establishment of branch plants to service their areas. The situation is that when a major concern has among its plans the establishment of a branch plant in the Atlantic provinces it also has a number of other schemes afoot. Possibly the branch to be operated in the Atlantic provinces is a marginal proposition. The company endeavours to secure the credit necessary to carry out the expansion and finds that it cannot get all the money it requires because there is a federal tight-money policy in effect. As a result the company has to start cutting corners and unfortunately in too many instances the branch plant it had hoped to establish in the Atlantic provinces falls under the shearing knife. Then we have to wait for a longer period of time until there is a better climate from a credit point of

view before we can secure the plant, the employment and the goods and services which are associated with it. This is what happens time and time again. Rather than doing something about this problem the government ignores it and goes on its merry way continuing to apply its tight-money program. Certainly there is an indication that there is a let-up and I hope this be helpful to our area of Canada in the near future.

I have learned through talking to businessmen that inventories are growing, the number of projects being undertaken has lessened materially, the number of firms looking for the orders has increased greatly and competition is very keen to get what available business there is. As a result lay-offs are occurring in plants which have not had to lay off anyone for a period of five to ten years. If something is not done in the very near future we will be in a lot of trouble and most of it will be related to the tight money policy imposed by the government.

In this regard I should like to say something about housing, because even in a small town like the one in which I live, which has a population of only 11,000 or 12,000 people, there is a very great need for housing. With the amount of interest which has to be paid on the loans necessary in order to build houses today, houses are so far out of the reach of the ordinary person who needs a home that it is impossible for him to assume the obligation that the government today requires.

In addition, the tight money policy of the government always strikes the construction industry and housing first, and the first victim generally speaking is the Canadian who is in the $5,000 to $6,000 income bracket or below. These are the people who really need housing more than anyone else. Yet they are the people who are struck first by the tight money policy. They are the people who find that their hope of owning a home of their own goes out the window completely. I believe that housing in particular should be divorced from the construction industry in so far as government policy is concerned and certainly in so far as its tight-money policy is concerned. But that has not been the case in respect of this government. This is indicated quite significantly by the number of housing starts in recent months. The government has tried to take some meek steps to correct the situation. I like the analogy that was drawn by the leader of the New Democratic Party when he said it was like throwing a peanut to an elephant.

[Mr. Coates.]

I believe that the government must wake up to this fact. It must come forward with far more constructive housing policies than has been the case to date. Unless this is done, the government will be doing a great disservice to many hard working Canadians who have a right to expect to be able to look forward to owning their own homes but who today do not have a chance in the world of accomplishing this aim.

I should like also to say something about the amendment moved by the hon. member for Perth (Mr. Monteith) in so far as old age security is concerned. Certainly, as was stated by the previous speaker, the funds are available today in the old age security fund. They were there when the increase was approved. They could have been used. Had they been used it would not have been necessary to increase the income tax, but instead the government went forward and in effect gave the taxpayers a spanking for thinking that a $30 increase could be provided even to the needy without someone paying the bill. They said that everybody is going to pay the bill and that this will prove to everybody that they cannot come and ask for money unless they are willing to shell out money.

The funds in the old age security fund were put there by the taxpayers of this nation and they should not be expected to have to pay additional income tax while their own money is sitting in the fund and it is available for the payment of the additional $30 a month to those who can qualify for it. I also think that if the government wishes to talk about a guaranteed annual income and suggest to the Canadian people that the minimum amount which should be available to anyone in this nation is $1,260 per year, then the least it can do is increase the income tax exemption to that amount. In my opinion it is rather ridiculous for the federal government to say we should provide the Canadian people with a guaranteed annual income of $1,260 and then ask these same people to pay income tax on $260 because there is an exemption of only $1,000. Surely to goodness the government cannot talk out of both sides of its mouth at the same time. We should have one thing or the other. We should have a guaranteed annual income, if this is what the government wants, of $1,000 a year—I do not think that would be at all adequate; indeed, I do not think $1,260 is adequate today—or the exemption should be raised so that those people receiving the guaranteed annual income would not have to turn around and give back

to the government a portion of the $1,260, the minimum amount on which the government feels they can maintain themselves.

• (4:40 p.m.)

If we in the Atlantic provinces are to go forward I believe more programs will have to be put forward by the government to allow us to advance at a faster rate than is required in the rest of the nation. This is necessary because we have a great deal of ground to make up. I believe that a great many logical arguments have been put before the Minister of Finance and the Minister of Industry (Mr. Drury) in so far as the designated area program is concerned and in particular as it applies to the Atlantic provinces. During the last election campaign it was a plank in our platform that the whole Atlantic area should be designated. I still contend that this is the logical step. We in that part of Canada have to develop the growth areas that are situated there.

But this government by its program is forcing industries to locate in other areas. This would not be too bad if those other areas were within the Atlantic provinces, but unfortunately in many instances industries that may be thinking about locating in Halifax, Dartmouth, Saint John or Fredericton will locate in a similar area in some other part of the nation if they are prevented from securing the incentives available under this program. We therefore lose out completely. It is my hope that even now it is not too late for the government to reconsider its policy in so far as designated areas are concerned, single out these four growth centres in Nova Scotia and New Brunswick and allow them the benefits available under the program. If the government does this it will materially assist our part of Canada to move forward.

Mr. Stewart: Mr. Speaker, before the hon. gentleman resumes his seat will he allow me to ask him another question?

Mr. Coates: Yes, Mr. Speaker, with the leave of the house.

Mr. Stewart: I assume that the hon. gentleman has time remaining. I should like him to comment on the report from the committee on finance, trade and economic affairs where Mr. Rasminsky said on November 1, 1966, that if in an area there were lower interest rates it would not help that area, but rather would have the effect of expelling money from the area to other parts of the country where the interest rates were higher. Would the hon. gentleman comment on that statement?

Mr. Coates: Mr. Speaker, the governor of the Bank of Canada might put forward all kinds of theories but I do not think I can expound on them in the house at this time in answer to a question.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I was rather surprised at the turn of the debate this afternoon, having anticipated that in the first round we would hear representations from the minor parties in the house. It is because of an obvious miscalculation in schedules that involved Your Honour as well as other hon. members of the house that possibly there has been a slight shuffling around. It may be that the attitude of the minor parties is a reflection of how important they consider this mini-budget. Frankly, I share their implied attitude.

With the greatest respect to the minister, I think he found himself facing the necessity of bringing in a budget, which he postponed and postponed and finally could not postpone any longer than December 19 if the house was to adjourn on December 21. Therefore there was a fulfilment of the undertaking given by the Minister of Finance (Mr. Sharp) and I think by the Prime Minister (Mr. Pearson) on a number of occasions in the late summer and early fall, that because of pressing problems concerned with rapidly increasing inflation there would be a budget by Christmas. As a matter of fact, the indication was that there would be a budget well before December 1, as though the presentation of a budget in this house would be a cure-all for any and every economic ill that beset the nation.

I remember that in 1962 there was a great cry by editorial writers and other people who were not favourable to the government, that all that was required in the fall of that year following upon the convertibility crisis of May, 1962, was a budget. Our late colleague, the former hon. member for Digby-Annapolis-Kings, then minister of finance, repeatedly had the taunt thrown at him by government members, then in the official opposition, and other opposition members that never in his career had he presented a budget. When we came back into office after the election in 1962, the election having followed a full budget presention by the then minister of finance, Hon. Donald Fleming, the whole budget was there for everyone to examine. The proposals of the government were before the house and the country.

It is true that that budget was not debated in the house. But if we understand the nature of a budget debate we know that the proposals of the government are in the main ignored and hon. members discuss subjects which they were not able to discuss during the debate on the speech from the throne. The budget debate settles nothing. It provides a forum for ideas and proposals. That is what this house does. But somehow or other the idea is abroad in the minds of far too many people that the mere fact of presenting a budget, whether it tinkers up or tinkers down, will have salutary effects. In many instances, as is the case with this budget, it matters not a tinker's damn. That is the effect of this budget.

• (4:50 p.m.)

Frankly speaking, this budget did nothing and it was uncalled for in the light of the circumstances. It was only mooted last summer as a sort of ultimate escape hatch for the government when it failed to deal effectively with certain problems of inflation. The dilemma which faced the Minister of Finance in December was whether or not he should tax, whether or not he should apply a damper or whether he should leave the situation pretty well as it is. The dilemma he faced was one which was perplexing economic experts not only in Canada but in the United States. This is an indication of the close affiliation between the two economies, the United States economy being the dominant one and ours not being an exact mirror of theirs but following its movements in so far as United States interest rates are concerned.

We have heard cries about tight money as though this was only a Canadian phenomenon. However, the truth of the matter is that restrictions on credit appeared in the United States before they did here. The United States has experienced additional pressure on credit facilities primarily because of the demands of the war effort in connection with the conflict in Viet Nam and also the demands of the space program. We in Canada have not had such pressures to the same extent. There was inflation in the United States similar to that in Canada. There have been price hikes in basic commodities in the United States, such as we have had, and they have been controlled in some cases by executive action in that country. We in Canada saw the same sort of action taken with regard to a certain increase in the cost of steel which was announced by a number of companies in the late summer.

Many economists in our country have said that because darkening clouds were looming on the economic horizon it was not the time to impose a tax increase and that in effect the government would have to look to certain stimulants. Some have suggested that the housing industry be used as an economic tool. This has happened in the past. I am not too sure of the validity of a policy whereby Canada's housing program should depend on our economic policy. This would certainly make the housing construction industry behave much as one would expect a yo-yo to behave, up one year and down the next. We saw this happen this year. The government was partly responsible for some of these difficulties because of its winter construction bonus. It tried to create an image of superactivity in the housing industry which resulted in an increase in the price of houses by about $500 and a dislocation of the normal pattern of housing construction, after which it discontinued the program because it did not want pressure put on Central Mortgage and Housing Corporation for more mortgage funds to fulfil the natural demands for housing in Canada.

I have before me an article written by one Leonard H. Lempert which appeared in the *Christian Science Monitor* of Wednesday, December 21. It is headed "Tax Hike Now Called 'Mistake' ". It contains a whole series of charts on employment and unemployment, wholesale prices, industrial production, retail sales, personal income and gross national product. The lead paragraph of the article reads as follows:

> The upward acceleration of economic activity in early 1966 has largely disappeared in recent months. This slackening in the rate of growth has caused most business observers to feel that a tax increase at this time would be an economic mistake.

The opinion is that it would be an economic mistake, but we know that in his budget message President Johnson confused and confounded the economic experts by announcing a special 6 per cent hike in income and corporate taxes. Therefore a parallel action was taken by the minister in Canada. Notwithstanding the views that the momentum of the economy was running down or that the rate of increase was levelling off and that before too long the minister might have to look to some stimulants to maintain forward progress, the minister came along with a 1 per cent increase in the sales tax. What is the result of this action? I will not go into the

motivation for the tax increase. The amendment put forward by my colleague, the hon. member for Perth (Mr. Monteith), points up precisely what I think in this case. The minister need not have put forward his tax increase to cover the initial increases in old age security. This was not necessary.

This brings me back to my original thesis, namely, that the minister and the government were committed to some kind of budget speech before Christmas. He had postponed it as long as he could and the only legitimate means whereby a budget could be justified was the imposition of an increase of 1 per cent in the sales tax. What is the effect of this action aside from the extra money that will be raised for the old age security fund? It means that an additional portion of the gross national product will be diverted to the public sector. We know now that well over 40 per cent of the gross national product goes directly into the public sector.

• (5:00 p.m.)

Someone asks, have we got the welfare state? Of course we have, Mr. Speaker. This is where I say we must cry, halt. We have suffered—if the minister will let me finish, he will find plenty of opportunity to speak. The hon. member for Rosedale (Mr. Macdonald) and the minister may feel that they can make some political hay out of what I have said, but let them look at what is happening in Canada. Let them look at the brand of economic nationalism into which the minister is being dragged, kicking his heels.

Mr. Macdonald (Rosedale): What has this got to do with the welfare state?

Mr. Lambert: It is tied in with the welfare state in that there is this preoccupation, this hangover or depression complex, that people must not only be given a boost in the event of need but also that everyone shall be compulsorily provided with a cushion of sorts whether he wants it or not.

Mr. Sharp: I thought that was the Conservative party's platform on old age pensions.

Mr. Lambert: When you have embarked upon a government created program of assistance which results in gaps in the program for individuals, then of course there is entitlement to equality in this regard. But we are getting to the point of asking, how is the Canadian economy to provide funds for its own development? Before you can guarantee a welfare program you must make sure you have got the income and the economy to support it. This is something we have not got and which we are rapidly destroying. The government is becoming very much aware of the fact that the Canadian people themselves are not providing the necessary investment funds for the development of our industry and the control of our industry.

Why is this so? It is because they do not have the money left to invest. More and more funds are being channelled into the public sector, not for the development or control of industry and our resources but for public expenditures such as transfer payments. We must come to a decision as to what we are going to do. Are we going to take away the funds that could be in large measure devoted to the purchase of equities for the development and production of Canadian resources which in the end would guarantee the basic economic strength necessary for Canadians to look after themselves?

In my view there must come a point where the individual still has the responsibility, still has the right to make up his mind, but this is being denied to him. Every program that comes along is compulsory and is framed in the so-called language of universality. If the individual is to make up his mind as to how he will provide for his old age, by investment in this or that pension plan, surely this process will provide funds for investment in the private sector. We know that this year $600 million was taken out of the economy compulsorily for the Canada Pension Plan. I am not saying all that would have been destined for investment in the private sector but certainly a great proportion of it would have been. However, it has been withdrawn and turned over to the provincial governments who in turn may hand some of it over to the municipalities for spending on various undertakings, many of which would require a second look as to timing. When it comes to having money available for investment, say in the tar sands, and one requires $250 million one finds that the private sector of the Canadian economy does not have that kind of money.

There are many other areas in which I feel the Canadian public should be encouraged to invest in the Canadian economy. There was a certain approach when the hon. member for Davenport (Mr. Gordon) was minister of finance, and there are still regrettable vestiges of this policy prevalent in government

thinking, to the effect that you can guarantee a proportion of Canadian ownership and control by negative policies, by using a big stick. I feel there is a great deal more merit in encouraging Canadians to invest rather than in discouraging foreigners from investing in Canada. I feel that a positive program of incentives is not going to cost that much money and in the end there will be an increase in the economic development of Canada by Canadians.

In the over-all picture of government budgeting it matters not whether certain moneys have to be spent in a certain way or whether less money comes in by another means. The result, from a budgeting or balancing point of view, is the same. We have heard that we are going to have presented to us this session that oft-postponed project known as the Canada Development Corporation. This piece of legislation has been delayed and delayed so long that one had hopes it had become stillborn. However, the other day, in outlining the business of the house before the end of this session, the Prime Minister (Mr. Pearson) indicated that the Canada Development Corporation bill would be brought before us for consideration. If March 10 is the date that the government has in mind for the prorogation of the house, I fear that with the many other things before the house there just cannot be any meaningful discussion at this session in any event of the Canada Development Corporation unless, of course, one subscribes to the idea prevalent in government ranks and among certain newspaper editors that anything the government proposes must ipso facto to be accepted by the house in which event we would make a cursory speech or two and then wrap it up. This is "acting responsibly" according to a number of people.

• (5:10 p.m.)

The parliamentary secretary to the Minister of Finance (Mr. Chrétien) may be silently applauding such a philosophy but—

Mr. Sharp: He likes your speeches.

Mr. Lambert: —I would point out to him that he has not had any experience on this side of the house, and neither has the Minister of Finance. However, I seem to recall the attitudes of certain of their colleagues when they were on this side of the house, and I would suggest to the hon. member for St. Maurice-Laflèche that he should consult with the hon. member for Bonavista-Twillingate (Mr. Pickersgill) or the hon. member for Essex East (Mr. Martin) as to the way one views government projects from one side of the house compared with the other. One could go into a great deal of the philosophy behind the cabinet putting forward measures which frustrate their backbenchers. They do not know what measures the government is putting forward but are asked to support them even though they had nothing to do with the preparation thereof. However, we will come to that when we reach the discussion on the rules.

The last point I should like to make, Mr. Speaker, concerns the question of the 12 per cent sales tax. This has become an extraordinarily large bite; it is one eighth added on at a certain price level. In some instances it is applied at the retail level which is in effect the contact between the producer and the public. In other instances it is applied at the manufacturers' level, many times removed from the actual consumer. The net result, of course, for the consumer is about the same because every intermediary between the manufacturer and the consumer adds on his percentage across the board. Therefore we get a profit margin on the tax, then another margin on the tax plus the profit margin, etc. etc., and the snowballing effect is considerable.

I will be very interested to see what the Carter commission on taxation has to say about the sales tax now that it has reached the level of 11 or 12 per cent. Whether it is 11 per cent or 12 per cent, I think it is equally onerous. The big difficulty comes when you are comparing—

Mr. Chrétien: It is not so bad as it was.

Mr. Lambert: Eleven or 12 per cent? I did not think it was necessary. I am talking about the general philosophy of sales tax.

Mr. Chrétien: Do you have any other fields to suggest to us?

Mr. Lambert: I think there is one field into which the government has moved—and if it was really honest it would admit it is going into that field—and that is the imposition of a service tax. I will admit that if the government is asked to spend money, it is not going to manufacture—

The Acting Speaker (Mr. Rinfret): Order.

Mr. Lambert: I am just finishing, Mr. Speaker. The government must raise the

money it is required to spend; this I will admit right from the start. But the government moved into the field of a service tax when it imposed a tax on retreaded tires, for instance. This was an innovation in 1963 that I objected to. It was accepted, but I think on a false premise based on other cases.

Be that as it may, Mr. Speaker, I support the amendment because I think this budget was not necessary. The 1 per cent increase in sales tax was levied for the purpose only of justifying the budget. The money required for the old age security payments between the date of the budget and the end of March is certainly now in the fund. As I say, I support the amendment.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I find it very interesting to note that less than three hours ago we were involved in a debate on the setting aside of the normal business of the house in order to debate the urgent problem that had arisen in regard to the Bank of Western Canada and the resignation of the president of that bank from several financial corporations in Toronto with which he had previously been connected. At that time, Mr. Speaker, your advice in disallowing the plea for urgency was that the matter could be raised in the budget debate which was to follow. We are now embarked upon that debate and have been so engaged for several hours. The afternoon is well advanced but we have yet to hear any mention of the subject which would have set aside the normal business of the house.

It is not my intention, Mr. Speaker, to dwell on that matter at any length now, though this does not detract from the importance and urgency of dealing with it. I found some of the remarks the Minister of Finance (Mr. Sharp) made in regard to the matter most interesting, particularly the reference to his telephone conversation with Mr. Stevens. As the hon. gentleman will be before the committee tonight I am sure we will hear further remarks from him at that time. I trust that both Mr. Stevens and Mr. Coyne will be brought before the committee on finance and economic affairs at the very earliest opportunity so that we can hear directly from those two gentlemen.

Certainly if the Bank of Western Canada is to be a bank the operations of which are particularly aimed at serving the interests and needs of western Canadians, then the stand that Mr. Coyne is taking is a most commendable one. Whether the bank is controlled from Bay street or whether it is controlled from Wall street, what is most important is that the banking services of this country meet the needs of the country in all their aspects. Therefore it is imperative that this matter be discussed before the committee and that the minister very clearly outline government policy.

In this regard I refer briefly to the proposed banking legislation. I find it very difficult to understand how the government can justify a policy which actually discriminates against the Mercantile Bank, albeit it is United States owned at this time, when what was involved was merely the passing from one foreign ownership to another. It seems to me that rather than coming in the back door, harming our own reputation in international financial circles and impeaching the record of a parliament that has always been known for justice, we would have been far better served had we simply relied on that portion of section 53 which requires that the foreign ownership of shares in the Mercantile Bank or in any bank, including the Bank of Western Canada, be limited to 25 per cent. If such action could yet be taken it would be quite straightforward.

• (5:20 p.m.)

It is the responsibility of the government to draft banking legislation for each period of 10 years. It seems to me that the objective of making sure that the Mercantile Bank is serving the interests of the nation could have been reached by making the degree of foreign ownership very specific. Any discriminatory clauses in the bill should have been deleted, and I cannot see any excuse for them except to achieve the objective of Canadian ownership. However, this matter must be debated in greater detail following the committee hearings when the banking bill comes before the house. My remarks do not detract from the importance and urgency of dealing effectively with the problem that has arisen in connection with the Bank of Western Canada. Government policy must be adhered to; banking operations and institutions in Canada must serve first of all the interests of the Canadian people and their economy.

I now come to the mini-budget. I do not see why it should have been brought in. I know the minister said, either last fall or earlier in the summer, that a mini-budget would be needed because of dangerous inflationary elements developing in the economy. Between

the time of that announcement and the mini-budget conditions had changed greatly. The dangers of which he had forewarned us had begun to decline more rapidly than anticipated. He found it advisable to cancel action he had earlier intended taking.

The mini-budget concerns itself, therefore, with raising the money necessary to implement the guaranteed income provision for our senior citizens for the last three months of the fiscal year. The minister, it seems to me could have forgotten the mini-budget. He could have made a statement saying that the inflationary dangers in the economy had abuted to the point where it was not necessary to take special measures. He could have left the implementation of the extra tax for the next budget, which cannot now be far distant. The surplus in the old age security fund was more than enough to takecare of any expenditure necessary for the implementation of the guaranteed annual income for the first three months. In any event, payments to our senior citizens under the guaranteed income plan will not be made until March although they will be retroactive until January 1. It seems to me that this debate is redundant.

The minister decided to increase the income tax and the sales tax. As I said before, I commend the minister for making clear to the Canadian people that there is no secret source of government funds, that the only way money will be obtained, unless it is desired to increase deficit borrowing, is from the taxpayer's pocket. Because the increase in income tax does not really affect those in the low income brackets, that increase was the most logical way to collect the extra money.

I cannot agree with the decision to increase the sales tax by 1 per cent. Already our cost of living has risen so much, and is continuing to rise, that any increase in the cost of the things necessary for every-day living should be avoided. The minister argued that the 1 per cent increase in sales tax on certain items is not much and that the extra tax was a simple method to raise the additional income. The increase in sales tax from 11 per cent to 12 per cent does not mean an increased cost of just 1 per cent with respect to those items on which it is charged. The escalation of cost is more than that.

Before the house reassembled in the new year I took it on myself to investigate what the effect of the 1 per cent increase in sales tax would be in the wholesale grocery business with regard to those things normally sold in food stores. I came away with a sheaf of letters. I will not burden the house by going over them in detail but will mention a few.

I found that the increase in the cost of powdered milk was exactly 5 per cent. Wholesale companies after January 1 were charging 5 per cent more for powdered milk than they had charged before that time. The price increase for condensed milk ranged from 5 per cent to 9 per cent. Certain other standard brand products increased in price at the wholesale level by 8 per cent or more. Cooking oil, for example, rose by a fantastic 35 per cent. To be specific, a case of 12 cans of vegetable oil which sold before January 1 at $5.61 increased to $7.60. This increase cannot be attributed wholly to the 1 per cent sales tax increase; nevertheless the excuse for raising the price was the sales tax increase, and part of the increased price was owing to the sales tax increase. I found that for many items sold in food stores—I will not enumerate them all—the price increases varied almost without exception from 5 to 8 per cent, the excuse for raising prices being the 1 per cent increase in sales tax.

This was at the wholesale level. The retail level had not entered the picture and neither in many instances had the jobber. The effect of the increased taxation has been to increase costs, to escalate costs at the various levels. The greatest single problem facing us now is the escalation in the cost of living.

In 1966 we had more strikes in more vital areas than ever before. Never before had labour demanded the large increases it demanded in 1966. With the cost of living going up, if workers are to maintain the standard of living they had previously had they will have to have more money to spend. So the struggle for increased wages goes on.

Recently I talked to an employer who has probably not more than a dozen employees. He had spoken to his employees during 1966 and told them over and over again that to demand more wages would further spiral the cost of living ever higher. He tried to show them that by demanding more wages they would defeat their own purpose and not until costs could be kept down could they expect to control the cost of living. He said to me, "I cannot again face my employees with that story again; in 1967 their standard of living will be lower than in 1966 unless their earning power is increased."

That is the situation. The problem is so acute that we in the Social Credit party contend it cannot continue. Unless something is

done to slow the spiralling cost of living, which month by month, year by year, sends living costs higher, the country will soon be in a more dangerous situation than we now realize. In fact, the net cost of living last year increased by 4 per cent and if present trends are indicative the cost of living will go much higher still in 1967.

• (5:30 p.m.)

At the same time, home construction has lagged behind the demand by more than 22 per cent. With the tremendous number of immigrants who have come to this country requiring homes, and the needs of young people who marry and want to establish their own homes, the yearly demand is estimated to be in excess of 150,000 units. We are not keeping pace with this demand. Bearing in mind the abundant supply of building materials available to us and the readiness of skilled labour, there is no valid excuse for the failure to provide the number of homes required. This year we have to make good the short-comings of last year in addition to providing for the needs of 1967. The whole story is an indication of what is happening in our economy.

We have been concerned for the past year about the increasing number of strikes which have taken place, and it appears we shall see more of them in 1967. At the same time, tight money continues to throttle industrial and commercial growth. We have no chance whatever of increasing productivity at a rate faster than the increase in the deflationary value of our money, or the inflation in the cost of living, unless this particular restraint is sufficiently removed. This is not taking place at the present time.

The Minister of Finance tells those in the private sector of our economy, as well as those engaged in provincial and local government, that we are spending too much money and that we cannot expect to correct the inflationary situation until we moderate our expenditures. At the same time, expenditure by the federal government continues to increase, this year by something like 20 per cent. Unless the federal government can set a pattern for other governments as well as for private industry, how can we expect the objectives of the Minister of Finance to be achieved? When taxes escalate and government expenditure increases faster than the productivity of the nation it is not surprising to find interest rates moving ahead.

I was impressed by reading some statistics from the United States; I do not think the statistics for Canada would differ greatly, if at all. I learned that if one calculates the total level of debt in the United States, including the governmental, private and mortgage sectors, and compares it with the total assets of that conutry, the two figures are almost the same. There is less than $3 billion difference in total figures which run into trillions of dollars. This means, according to any possible business criteria, that the United States is in an extremely serious position so far as debt is concerned. When I interpret this in terms of Canada's smaller economy, with the same general conditions applying, I can only conclude that the economy of this nation is running far closer than we realize to the edge of a precipice, and it is the responsibility of the Minister of Finance to do something about the situation.

I wish to draw attention to a few statistics with regard to the cost of government in Canada. In 1965, the last year for which statistics are available—we do not yet have the statistics for 1966—the total cost of government in this country in relation to the national income was much higher than it should have been, certainly much higher than we realise. In 1965 expenditures by the federal government amounted to approximately $8 billion, or a little less. In that year expenditures by provincial governments amounted to approximately $5½ billion and municipal government expenditures totalled something over 9½ billion. This gives us a total of something like $22 billion in government expenditures. Yet the national income in 1965 amounted to just less than $39 billion. In other words, approximately 55 cents out of every dollar that Canadians earned is being used for government expenditure.

Very often statistics concerning government expenditures in Canada include only federal expenditures. To arrive at the over-all picture one must, of course, include the expenditures at all three levels. After all, governments all get their money out of the same taxpayers' pockets, unless they use the taxpayers' credit in order to borrow money by way of deficit financing. It would be obvious, I think, that such a division of our national income is bound to place us in a precarious position. I have stated before, and it is true according to history, that whenever the expenditures of a government exceed 50 per cent of what its people earn the process of democratic government weakens and something else takes its place.

This is the danger I see in our present policy. Somehow or other we have managed to slow down our productivity while at the same time insisting on developing government budgets to the extent that half of what Canadians now earn is used merely to pay for the cost of government. That is a precarious situation in which to place ourselves.

It is said we have inflation in Canada. There is no inflation of money. We are short of money. In fact, one of the problems today on the whole international scene is that the world is short of money. Yet money is something which man makes and which man has the ability to control. Its purpose, basically, is to enable the distribution of goods and services, though it must also supply a standard of measurement and a means of storing wealth. One of the greatest needs facing this country today, in fact the greatest need which faces the whole free world today, is the introduction of a new system of monetary units which will reaffirm the fundamental purpose for which money was intended in the first place, that is, distribution. It is wrong to say there is inflation of money in Canada. There is not.

A previous speaker talked about the failure of Canadians to invest their savings in the development of Canada. That is true. The total amount held in savings accounts in Canada today is something in excess of $10 billion. If half of that sum were used for the development of our resources, for the expansion of our industry, we would not need the foreign capital we need today. For some reason Canadian people lack the confidence to invest their savings in the development of the resources of their country. Consequently it is necessary to depend on capital from the hands of foreigners who apparently have more confidence in Canada than we do ourselves as Canadians.

• (5:40 p.m.)

But the responsibility there, Mr. Speaker, falls back on government because unless government can set a climate, unless government can provide the incentive, unless our productivity does increase faster than the cost of government, then we shall continue to find ourselves in the position in which we are now. It is called inflation. It is not an inflation of money. It is an inflation of prices. It is an inflation of government expenditures. It is an inflation of the cost of everything we buy to the extent that Canadians, after paying taxes, do not have enough left to spend on those things which are produced for their own needs. This is the real problem with which we are faced. Unless the Minister of Finance and his financial policies can move toward correcting this thing in some way which we are failing to do at the present time, the economy of Canada is in for trouble.

The Minister of Finance must be concerned about the problem of adjusting taxes, and there are several areas he must consider in this respect. Perhaps a little timely advice, whether he gives heed to it or not, is in order. In my opinion it is time we called a halt to the increase of government expenditures and a corresponding halt to tax increases. If we do not call a halt to the present trend of things, if the federal government does not set the pattern for provincial and municipal governments in this regard, then government expenditure is going to spiral faster than the increase in income and the increase of productivity in this country and the inflationary problem, which is one of prices, is going to get worse rather than better.

It seems to me that one of the first steps which must be taken is to call a halt to the increase in government expenditure. We have watched and listened with interest to the proceedings of the special committee on consumer prices. There is no doubt this committee is doing good work. But as I have observed and read some of the presentations made before that committee it seemed to me that the real cause of the increase in the cost of living was being neglected.

I think the number one cause of the increase in the cost of living is the tremendous increase in taxes because taxation compounds itself at its various levels, as we have seen with the 1 per cent sales tax increase. Tax increases are the first villain in the cost of living spiral. The second cause is the tremendous cost of usury and interest. We are living today in a debt economy, on a time payment, pay tomorrow, consumer purchasing basis, and unless we can do something to reduce the cost of usury we are not going to correct the problem. It is not a question of packaging or of somebody making too much profit or too high wages. The first cause is the increase in the cost of government and the second is the run away cost of usury and interest.

The government must give a lead in this matter. I simply cannot understand the government's policy with respect to the proposed banking legislation, which would free the rate of interest. It seems to me that what is required is a ceiling on the cost of interest,

particularly as it relates to consumer credit buying. We should lower the cost of interest from the top instead of taking the ceiling off and letting it rise from the bottom. By taking the ceiling off we are not going to reduce the cost of interest so far as the consumers of Canada are concerned.

Second, Mr. Speaker, I think it is imperative that in laying out his plans for his next budget the Minister of Finance should firmly establish priorities in the area of welfare. At the present time on the federal level approximately 35 per cent of everything we pay in taxes to the federal government is spent in the area of welfare. Out of 12 million Canadians who are 20 years of age or more, 5.5 million are actually receiving direct payments from government at this time. This is a situation which is extremely difficult to manage so far as federal budgets are concerned, but unless we are able to establish the priorities we are going to be in trouble, if we are not already in serious trouble.

There is no doubt in my mind that the first priority in the field of welfare is education. Unless we can provide educational facilities that will train the young people of today for the environment in which they will be making a living, and unless we can finance the retraining of older people who are no longer working in the professions or jobs in which they were originally trained, then we shall be failing them in their efforts to earn their own living. Today when the emphasis is on health and welfare it seems to me that we have our priorities reversed.

I realize that my time is just about finished, Mr. Speaker, but I have one or two other points I would like to make if I have permission to do so.

Mr. Speaker: Order. Has the hon. member the consent of the house to continue beyond his time?

Some hon. Members: Agreed.

Mr. Thompson: Thank you very much, Mr. Speaker. I think it is the responsibility of the Minister of Finance, as the member of the government responsible for financial and tax policies, to take a careful look at our present taxation structure in order to eliminate any inequitable taxes which are restricting the growth of the economy. The province of Alberta has taken a lead in this regard by eliminating an inequitable tax, succession duties. This principle applies to the gift tax as well. Here again the federal government should take a lead in eliminating this type of tax in consultation with the provinces, because certainly it is doing nothing but discouraging the investment of Canadian savings in Canada.

I do not have sufficient time to talk about many other areas where taxes are restrictive instead of expansionist, but as my closing point may I say it is also necessary and imperative that the national income be equalized with the total market values of consumer goods and services. This is a subject with which I will deal on another occasion, but for the moment suffice it to say I have statistics which show the pattern for the last 50 years. It is one in which the amount of income that the Canadian people earn in all of their different activities and have in their own pockets to buy consumer goods is not equal to the market value of that which is produced in consumer goods and services. Until the national income is equalized with the total market value of consumer goods and services we shall continue to have the debtor economy we have now. There is no alternative for it, and here again I think it is the responsibility of the Minister of Finance to do something in this regard in connection with banking legislation and monetary policies for which he is responsible. The debt building policies of government and consumers are not only wrong but they are leading us to national and personal bankruptcy. This has already been evident in 1966.

I would close by saying that tight money and higher taxes are not the answer to our present situation. Until we have fiscal and economic policies that will encourage the development of our national resources by Canadians, so that the productivity of our economy will exceed the actual increase in the growth rate of government expenditures, we shall continue to find ourselves as we are this year, unable to meet the logical needs of the Canadian people. There is no clearer example of this problem than our failure this year to have sufficient money in circulation to permit the construction industry of the country to build the homes that Canadians need. So, Mr. Speaker, I hope that the minister in finalizing his plans for his coming budget will give heed to some of these things, which are not my ideas but are the very facts of the economy, in order to bring about a policy to deal more effectively with these problems.

• (5:50 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Kootenay West (Mr. Herridge), External Affairs—North Viet Nam—use of funds given for aid; the hon. member for Northwest Territories (Mr. Orange), Northern Affairs—assistance to Fort Smith following naming of Yellowknife as capital; the hon. member for Lapointe (Mr. Grégoire), Education—Manitoba—exclusion of separate schools from school budget.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in rising to speak on the supplementary budget a couple of months before the annual budget is due, I ask why this budget to announce these two tax increases was brought in when it was. I think that the impact of the old age security supplement would not already be felt before another budget could be brought in. Someone has said that the minister brought in a tax increase contemporaneously with the old age pension supplement to teach us a lesson that welfare costs money. This is indeed a lofty approach and flatters the minister unduly.

I do not generally quote newspapers and will not do so now. I will say, however, that the Vancouver *Province* in an editorial dated December 21 last year, set forth the proposal that this was the reason the minister brought in his budget when he did. Others said that it was not so much to teach us a lesson but rather that the minister had to face the economic fact that an increase in spending must be met by an immediate increase in taxation. This is a view held by the Toronto *Telegram*. Another newspaper expressed the opinion that the increase in the sales tax actually will help recover part of the pension increase

from the very people who will receive it, that is, from the pensioners as well as everyone else. This is only partly true and is not completely fair to the minister. Undoubtedly, however, that will be part of the effect. None of these approaches is entirely true. I am sure that neither the country, nor the members in the house, nor the minister's colleagues would benefit from or appreciate or require to be taught a lesson about economics in this manner.

The minister's political experience has been sufficient for him to know that the imposition of taxes just for the purpose of teaching people a lesson is not singularly appreciated. So far as facing economic facts is concerned, if we were to have a supplementary budget every time the government increased its spending we would have a continuous budget debate and hardly any legislation. Did we have a supplementary budget when the actual cost of Expo, for example, went up? Did we have a supplementary budget when the Canada Pension Plan bill came in last year which resulted in substantial additional spending?

Mr. Sharp: The money was provided in the bill itself.

Mr. Aiken: Did we have a supplementary budget to meet the extra costs as a result of the skyrocketing inflation and the increase in government spending? Perhaps the minister would answer that. I think not. But herein lies the answer. We all know the story of the straw that broke the camel's back. We know that the cost of government has grown and grown until the limit has been reached.

Just as the government was about to add the last straw the Minister of Finance snatched it away triumphantly protesting that we could not let our elderly break the camel's back and that we should ourselves carry the load of this extra straw. The minister knew that the Canadian people would gladly carry this little extra load on behalf of our senior citizens and that at the same time the camel would not break down. So our economy goes on carrying the load of the government's spending until the next straw comes by. I wonder whether the minister will find such a good excuse under similar circumstances the next time to pick off that next straw? I suppose we shall see what happens by the time the budget rolls around in a couple of months, but regardless of the reason let us not be led to think that the old age supplements were the whole cause of these two tax increases.

With otherwise healthy government, financing these tax increases could have been absorbed in other ways and without an additional budget. I think this is the fundamental matter which we must examine. If government spending had not accumulated to the point that it has, this additional load could have easily been carried. I think it is unfair that we should place on the old age pension supplement the sole cause for the tax increases that we are now considering.

This leads to another matter. Why do we find increasingly anxious attention being paid to our financial institutions at the present time? Canada's long-term financial prospects are excellent. The country at the present time could be described as being nervous. There is a lack of confidence because no firm businesslike action or legislation has been forthcoming from the government to meet the current problems. The cost of living continues to increase rapidly. While there are some increases in long-term credit, short-term credit is in very short supply. This is what we need for our day by day operations.

How many royal commissions, parliamentary committees and other boards of inquiry will the government continue to set up to look into questions on which it should make a decision itself? Just recently I have had cause to raise some question concerning the number of committees which are sitting to look into an immense number of problems, many of which could be placed directly before the government and action taken. While these committees are valuable in a great many cases, I think they are abused in many other cases when they are used to help the government put off making a definite decision in respect of some of these important problems.

I see it is six o'clock, Mr. Speaker. I believe something further is to be announced.

Mr. Speaker: Is it agreed that the house recess until eight o'clock?

Some hon. Members: Agreed.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

Mr. Aiken: Mr. Speaker, at the adjournment I was discussing the situation of the financial institutions of this country. I believe we recognize that the government will either have to cut tax expenditures or increase taxes in order to restore confidence in the economy. The last controversy over the Bank of Western Canada, following other difficulties with regard to financial institutions in Canada, will merely add fuel to the fire. Regardless of the reasons for the dispute, it has come at a particularly unfortunate time. The fact that the issue has been raised by Mr. James Coyne, who seems to have a penchant for public controversy, will certainly cause many hon. members some scepticism. However, his allegations should be fully investigated to ensure that the objects of this banking institution are properly carried out.

To come back for a moment to the budget debate, I would say we have been puzzled by the apparent reluctance of government members up to this time to take part in the debate. Here is the opportunity for many of the members of the Liberal party to discuss the important matters of the economy of this country. We read in the press from time to time about the lack of opportunity for private members on the government side of the house to speak out. Having been a member on the government side for some years, I recognize the lack of opportunity in many cases when they have so many experts sitting in front of them to discuss almost all fields. But here is the opportunity, during the budget debate, for some of these monumental expositions to be made.

However, Mr. Speaker, we have had four consecutive opposition members speaking on this budget debate without any government members seeming to clamour for the opportunity to speak great words in favour of the budget. I understand that there are one or two government members now ready, willing and anxious to present their views; but it has been a matter of some bewilderment to us that they have not sought to speak before. Perhaps they are too embarrassed by this unnecessary budget to take part in the debate, and merely want to get it over with and hope the government may come up with something more vital, something more meaningful for them to discuss. Perhaps it is difficult for the government members to explain a general tax increase at a time when the economy needs some encouragement, rather than discouragement.

I shall not reiterate what I said before the dinner hour, but it seems that this budget was an unnecessary exposition so close to the time for a regular budget, when a general tax increase could have been applied. I think it

was something the minister felt he had to do for the expedience of the moment, and now wishes he had left undone until a later date. However, I do not want to delay the budget debate for that reason. I believe it was unnecessary; it was ill-timed and left a cloud on the older people of this country; it left the general impression with the public that it was only to provide the old age security supplement that additional taxes had to be raised. As I indicated previously, this was not the sole reason, and if there had been a properly managed economy it could have absorbed this latest burden on the taxpayers of the country.

• (8:10 p.m.)

The budget debate is normally a time to air complaints. While this is a fairly narrow budget, I have one complaint that I want to raise at this time in connection with budget matters. Being a member from a rural riding it bothers me considerably. It relates to the administration of unemployment insurance in rural areas. One of the things that a person living in a rural area is required to do when he applies for unemployment insurance is to prove that he is willing and able to accept employment, and that he is available for work. The Unemployment Insurance Commission has taken this to mean that a person who wishes to draw unemployment insurance must not limit the place of employment, the wages, or the type of job that he is prepared to accept. Time after time people in rural areas receive notices of disqualification because they have said that they find it difficult to work outside the community in which they reside. However, if they do state in their applications that they wish to work only within the immediate area of residence, they are disqualified by their own words.

To make it worse, they are often encouraged by the Unemployment Insurance Commission to state exactly where and when they will accept a job. If they say that they will not accept a job at a certain place 15 miles away, they may be disqualified on the ground that they have refused a job which, really, was never offered to them. This is most difficult for those people who have been raised, have worked and lived in a rural or an isolated community. The Unemployment Insurance Commission says: "You may have lived and worked there but we cannot get you a job there, so you had better go somewhere else." There may be reasons for it under some circumstances, but it is difficult in many cases for men to travel 30, 40 or 50 miles when they do not have transportation, when they are out of a job and when they cannot afford to maintain two homes.

If it is difficult for men, it is all the more difficult for women who either work part time to supplement the family income, or even support a family because of the inability of the husband to do so or because of his absence. And yet such a woman living in a rural area is told that she has to leave the community and go somewhere else to find employment.

Of course this is absolutely impossible. I run across this time after time and I take this opportunity to raise the issue and to ask that the unemployment insurance regulations be applied somewhat more reasonably to people in rural areas. It might be that we have a particularly difficult office in our area but I have heard the same complaint from other hon. members. I hope the government will give some thought to a more reasonable application of the Unemployment Insurance Act.

Mr. Speaker, my time has just about expired. I hope that before the budget debate is concluded we will hear some hon. members on the government side explain how they can justify the imposition of the tax in question at a time when perhaps it could have been avoided. I hope they will explain why the apparent burden of the increase in taxes was cast upon the older people of this country. We know very well that while the granting of benefits to the older people was a factor in the increase in taxation, it was not the only factor. If the economy of the country had been in proper shape, if we had not been spending money recklessly and going into debt, we would have been able to absorb this increase instead of raising the tax at the time when we decided to give the old people a supplement. In this way we have burdened them with this increase.

I am sure the minister knew that the people of Canada would accept an additional tax, but I do not think we should be under the illusion that a supplement to the older people was the whole reason for a tax increase at this time. We have burdened ourselves to the point where a tax increase would have been necessary anyway. We may have to have another increase in the regular budget. It seems to me that the minister is approaching this matter in a piecemeal way and is trying to cast the burden of his difficulty on as broad a spectrum of the population as possible.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, as the hon. member for Parry Sound-Muskoka (Mr. Aiken) has pointed out, this is the opportunity for private members to express their opinions on financial matters, and on other matters generally that are of concern to them. I am seeking to use this opportunity for that purpose and I am speaking as a private member representing Kootenay East. I think it is true that despite the fulminations of the members of the opposition, the budget speech as outlined by the minister has met with general approval. It is true that no one relishes a tax increase, but on the other hand those who are benefiting—and some of them have been mentioned by the hon. member for Parry Sound-Muskoka—certainly smile with approbation when it means an increase in grants.

I think the hollowness of the invective of the opposition can best be disclosed by turning back a few pages of *Hansard* to the debate on the act which provided for a supplement to old age security. Of course at that time it was a call for higher grants, while today it is a call for a reduction in taxes. This reminds me of the sage advice that was given to me when I was a rookie member of parliament—admittedly quite a number of years ago—that a successful politician never votes for a tax bill or against a grant.

Generally speaking I think that governments must face up to the horrible facts of life and be ever mindful of the Scottish politician's advice which is as follows:

> They'll dom soon forget what you've already gie 'em, but they'll remember for a long time what you ain't gie 'em yet.

While it is not my purpose to criticize the imposition of higher income taxes on certain groups of taxpayers and an increase in the sales tax, I do offer a suggestion which I believe to be fair and reasonable. To some members of the house it will be very unpopular, but I know that others will recognize that deep down in their hearts they find it acceptable, although they might not be prepared to admit it. I know also that it will be unpopular with a large and what I believe to be a preferred section of our population. It will indeed constitute a severe criticism of the economic philosophy of my friends, but I hope they will take it in the best sense, namely that it is a question of principle and that I believe it to be in the best interest of all Canadians.

I am referring to the removal of the special tax privilege enjoyed by co-operative enterprises and credit unions. Had this special tax incentive, based as it is on no sound economic or fiscal theory, been removed decades ago when co-operatives first emerged from the local self-help status on which they were founded, no new taxes would have been necessary at this time.

• (8:20 p.m.)

The co-operative movement, as it chooses to be called, is nothing more nor less than corporate enterprise enjoying the benefits of $3 billion worth of business each year in Canada. Co-operatives have become a corporate colossus in competitive enterprise, but with a difference. Co-operative profits are almost completely exempt from income tax. Their competitive advantage at the expense of the corporate and personal taxpayer may be simply stated. A corporate enterprise, in order to undertake a $1 million expansion program must have first earned $2 million in excess of a reasonable return on invested capital. One half of the corporate profit, or 52 per cent, must first be handed over to government, its sleeping but avaricious partner in business. The co-operative, on the other hand, need earn only $1 million, declare the full amount in patronage dividends and retain all or nearly all as capital for reinvestment purposes. The co-operative has no sleeping partner who demands 52 per cent of the corporate earnings.

Since the beginning of the industrial revolution, the eggheads have tended to look upon a corporate enterprise as a menace to society. Anyone who dares to defend corporate enterprise is one virtually living in sin. I believe, and sincerely believe, it is the benefits of corporate enterprise, operating under a democratic free enterprise system, that has provided for us on the North American continent the highest standard of living in the world, and in Canada the most comprehensive social welfare program in the world. Certainly, nothing I saw during my recent visit to the Union of Soviet Socialist Republics altered, even in the minutest detail, this long held conviction.

Mr. MacInnis (Cape Breton South): Will the hon. member permit a question?

Mr. Byrne: I will permit a question when my speech has been completed. I know hon. members—

Mr. MacInnis (Cape Breton South): Mr. Speaker, I rise on a point of order. Surely, the hon. member can indicate to us what he believes—

Mr. Byrne: I know the hon. members for York South (Mr. Lewis) and Burnaby-Coquitlam (Mr. Douglas)—

Mr. Deputy Speaker: The hon. member for Cape Breton South on a point of order.

Mr. MacInnis (Cape Breton South): The hon. member is reading his speech, and he continues to read every word he has spoken in the house. This is not in accordance with the rules.

Mr. Byrne: I submit to this hon. member who has taken exception to what is being done that I do not intervene very often in debate. I have what may be considered to be copious notes because I am dealing with a very serious matter. If the hon. member would be as serious as I am in this house on occasion, he would show up much better.

I know that the socialist group in the house will not agree—

Mr. MacInnis (Cape Breton South): I rise on a point of order.

Mr. Deputy Speaker: Order. The hon. member for Cape Breton South on a point of order.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I am waiting for a ruling from the Chair. Is it or is it not against the rules to read word for word from a prepared text?

Mr. Deputy Speaker: I am sure the hon. member will recall the explanation given by the hon. member for Kootenay East. He has explained to the house that he has copious notes, but I hope that he will not follow them too closely.

Mr. Nasserden: It appears that the notes are not only copious but difficult to read.

An hon. Member: The fellow who wrote them should read them.

Mr. Byrne: I have sat here for many years watching hon. members read their speeches word for word.

Mr. Nugent: Would the hon. member tell us why he could not find a better example than that to follow?

Mr. Byrne: The socialists have a reactionary outlook which I believe is 25 years behind even contemporary communism. Even communist Russia today struggles with the problem of reviving an enterprise or profit system, while trying to retain its special form of government.

Lest I be misunderstood, and whether or not I am misunderstood I know that I will be misinterpreted, I harbour absolutely no ill will toward co-operatives as such. Co-operatives have indeed a place in our society. They are, or at least should be, just another enterprise operating in a free enterprise environment, assisting in but sustaining a government or governments which are required to pour out billions of tax dollars in welfare and other services. Their special status need come only from the desire of a special group of like minds to provide self-help and co-operation. Co-operatives do, however, enjoy a special competitive position which threatens the very existence of corporate enterprise. It is against this discrimination I appeal to government and members of the house at this time.

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

Mr. Byrne: Let us, for example, assess the relative position of two competitors bidding for a going concern in which one bidder is a co-operative and the other a corporate enterprise. Let us assume that the firm on the block enjoys net earnings after taxes of $1 million annually, and that the capitalized value of those earnings on the stock market is $10 million. Let us assume the going rate of earnings for that kind of investment is 10 per cent. Let us assume also that before payment of the corporation's income tax, its earnings were $2 million.

If the co-operative regards a 10 per cent return as satisfactory, it can afford to pay as much as $2 million for the firm. It can receive tax free the full $2 million of annual earnings. The other, ordinary, corporation seeking to buy this firm could wisely pay no more than the after tax capitalization value of $10 million. It will be argued I know that patronage refunds do not fall in the category of dividends; that co-operative earnings are not in any way connected with profit. Surely any economist worthy of the name would not say that excess earnings over disbursements are not profit.

From what I have said, it will be obvious to members of the house that while tax exempt co-operatives are not bearing their fair share of the Canadian tax burden, an even more serious result of this practice is the advantage they hold over corporate competitors. This policy, in an age when corporate profits are

taxed at an exceedingly high rate, cannot help but mitigate against corporate expansion and conversely encourage unprecedented and overwhelming expansion of co-operative enterprise.

It is time, in my opinion, that co-operatives, having attained the multi-billion dollar business status, should divest themselves from the sort of semi-religious garb under which they have been clothed these many years. In all their literature and protestations designed to seek patronage of the individual and to retain the sympathies of legislators, there rings a semi-religious strain. It follows of course that any criticism in this area of special privilege is looked upon as sacrilegious utterance against the deity.

Let us take a look for a moment at the annual report of the Federated Co-operative Limited and subsidiary companies for the year ended October 31, 1964. I know that I would have the co-operation of the house if I were to table two pages from that report.

Mr. MacInnis (Cape Breton South): You had better read it.

Mr. Deputy Speaker: Does the house give unanimous consent to having this material printed in *Hansard*?

Mr. Nugent: I rise on a point of order. Considering the manner in which the hon. member has been proceeding, I would think it only fair to the house he should tell us the name of the author of this speech, so he would not have to bear the blame alone. On that condition, we will allow the material to be read into the record.

Mr. Byrne: Mr. Speaker, I have been in this house since 1949. Any utterances I have made have been of my own origin, and I am sure the same cannot be said for the hon. member for Edmonton-Strathcona (Mr. Nugent).

• (8:30 p.m.)

Mr. MacInnis (Cape Breton South): A point of order, Mr. Speaker.

Mr. Byrne: The annual report—

Mr. MacInnis (Cape Breton South): A point of order, Mr. Speaker.

Mr. Deputy Speaker: Order. The hon. member for Cape Breton South on a point of order.

Mr. MacInnis (Cape Breton South): My point of order is that there is no reason why the hon. member for Kootenay East should reply to a question from this side of the house in the way he did. His reply was inaccurate in any sense of the word.

Mr. Deputy Speaker: Order. May I ask the house whether it gives unanimous consent to the parliamentary secretary to have this table to which he has referred recorded in *Hansard*?

Mr. Nasserden: Mr. Speaker, in view of the unwarranted attack which is being made on co-operatives by the hon. gentleman, we cannot give him that consent.

Mr. Byrne: Mr. Speaker, in this table—

Mr. Habel: Mr. Speaker, I rise on a point of order.

Mr. Byrne: —if hon. members will permit me—

Mr. Deputy Speaker: Order. The hon. member for Cochrane on a point of order.

Mr. Habel: Mr. Speaker, I cannot say otherwise than that it is amazing to see members on the opposition side doing what they are doing now, when only a few moments ago one of their members was blaming the Liberals for not speaking in this house.

Mr. Nugent: We are objecting to his reading from notes.

Mr. Byrne: In this statement, Mr. Speaker, we find net sales of $110,988,000, and other income of $182,000, for a total of $111 million odd. Expenditures are $92 million, estimated income tax $207,000, for a net savings available for distribution to members of $5,063,000.

I wonder whether anyone can find in this statement anything that faintly resembles a disbursement to a charitable institution unless, of course, 50 per cent of the western farmers on the western prairies are in need of welfare. Incidentally, none of these dividends have apparently been distributed to the western prairie farmers and others.

You will note from the statement, Mr. Speaker, that in any portion of the operations in which a deficit is incurred, the shortfall is described in such bourgeois terms as a loss. Where there is an excess—

Mr. Douglas: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: Order. The hon. member for Burnaby-Coquitlam on a point of order.

Mr. Douglas: Mr. Speaker, I do not want to interrupt the hon. gentleman—

Some hon. Members: Oh, oh.

Mr. Douglas: —in this savage attack he is making on the co-operatives—

Mr. Nesbitt: And credit unions.

Mr. Douglas: Yes, and credit unions—but he should not be allowed to malign the co-operatives and misrepresent the situation. He just made a statement which certainly impugns the integrity of Federated Co-operatives. The hon. member said they distributed nothing to the farmers. He should know that Federated Co-operatives is owned by the individual co-operative associations, not by individual farmers.

Mr. Macdonald (Rosedale): That is not a point of order. Sit down.

Mr. Douglas: Mr. Speaker, I do not need any orders from any pipsqueak over on that side of the house.

Mr. Macdonald (Rosedale): Make your own speech; don't interrupt others.

Mr. Douglas: I rose, Mr. Speaker,—

Mr. Béchard: Obey the rules.

Mr. Douglas: I rose, Mr. Speaker, in protest against this attempt—

Mr. Deputy Speaker: Order. It is a little difficult for the Chair to decide whether or not the hon. gentleman has a point of order until it has been heard. I would ask hon. members to give me the opportunity of hearing the hon. member's point of order. The hon. member for Burnaby-Coquitlam.

Mr. Douglas: Mr. Speaker, I was merely endeavouring to point out, before I was interrupted, that if the hon. member wants to discuss the co-operative movement he should discuss the situation with accuracy, instead of maligning the co-operatives and leaving the impression that they are not distributing dividends to farmers. He knows the farmers are not members; it is the co-operative associations which are the members.

Mr. Byrne: Mr. Speaker—

Mr. Douglas: The hon. member is leaving a totally erroneous impression, which no one can correct until he has finished his remarks, and by that time this false impression will have gone across the country.

[Mr. Deputy Speaker.]

Mr. Deputy Speaker: Order, please. I think that the point of order which was raised by the hon. member for Burnaby-Coquitlam is an attempt to refute what is being said. The Chair is not the judge of the accuracy of the statements being made by the hon. member for Kootenay East, but if the argument he is now presenting can be refuted I am sure there will be an opportunity for the hon. member to do so.

Mr. Byrne: Mr. Speaker, I would prefer to let the co-operative movement speak for itself, if hon. members would allow me to table these figures.

Mr. Deputy Speaker: Order, please.

Mr. Nasserden: Mr. Speaker, on the point of order raised by the hon. member for Burnaby-Coquitlam I also want to record my regret that the hon. member has—

Mr. Deputy Speaker: Order, please. The Chair's responsibility in this matter is to decide on the point of order. If the hon. member wishes, as I have said, to refute the argument being made, he will have an opportunity to do so.

Mr. Byrne: Mr. Speaker, as I said earlier I would be quite pleased to let the Federated Co-operatives speak for themselves, if hon. members opposite would allow me to table these two pages of their report dated October 31, 1964. Since that has been denied me they will have to accept my statement.

Mr. Nugent: Mr. Speaker—

Mr. Byrne: Where there is an excess of revenue over expenditure—

Mr. Nugent: Mr. Speaker, I rise on a point of order. I think that to suggest the house has denied the hon. member from doing a certain thing might leave the impression that the house has therefore acceded to an argument of his in which he made a very misleading statement, which I am sure he would not except the house to abide by. Our argument against his putting the statement on the record is based simply on the fact that we—at least as far as I am concerned—want to know the author of his speech. Since we contend that we should not accept the statement that he wishes to proffer because it does not support his argument, our refusal is not an admission of anything, except that we are not buying anything that he is selling in this matter.

Mr. Byrne: Mr. Speaker, it seems to me that the dinner hour must have been a little too long and that purchases have been made during that period. This, if I may say so, is not, as a corporate enterprise would term it, a profit and loss sheet; it merely becomes a pusillanimous recording of undistributed savings.

In this context, Mr. Speaker, what is the real meaning of the word "savings"? Is it intended to show how much the patron saved through dealing with the co-operative, rather than an avaricious corporate enterprise or a corner grocer or a hardware merchant? If so, such an assumption is a subtle distortion of the fact. The saving is in reality the amount by which the federal and provincial treasuries have been deprived. Had the co-operative not been in a position to expand with the assistance of free capital, and had current profits been subject to the 52 per cent corporate income tax, the picture would indeed have been vastly different.

You will note also—and this is significant —that the net savings—not profits, of course —in 1964 amount to $5,063,000, upon which the estimated income tax is $207,000.

Mr. Nasserden: Mr. Speaker, on a question of privilege, the hon. member who now has the floor has said that the savings that are made by co-operatives have been robbing the federal treasury. That is an insinuation that is unworthy of any member of the House of Commons.

Mr. Byrne: Mr. Speaker, I expect the hon. member will be making his speech. He usually favours the house on these matters. A corporate enterprise with like earnings—

Mr. MacInnis (Cape Breton South): You have said that already.

Mr. Byrne: —profits or savings, would have paid the federal and provincial treasuries $2,633,360. The co-operative would have paid about 4 per cent, for a total of $207,000.

I would like hon. members to please note that this is no charitable distribution. If we refer again to page 21 of the report, we see under "Members Equity" the sum of $5,080,000 of undistributed savings. This money will be used, of course, either for capital expansion or direct purchase of going concerns.

• (8:40 p.m.)

The assumption that co-operatives hold down prices, too, is a completely erroneous one. Consumer co-operatives simply do not undercut prices, but offer their patrons a nebulous patronage refund which is paid in cash only if the co-operative does not entertain expansionist ambitions. Producer co-operatives such as Western Co-operative Fertilizers Limited, after they got into production, instructed their retail outlets to meet the going price and to promise a patronage refund. Such refund, made possible by the avoidance of income tax and current taxes, is a legacy of the co-operative privileges. I shall be referring to this matter a little later on.

But what has been the experience in other countries in the matter of the price stabilizing effect of the co-operative movement? In Sweden, where consumer co-operatives have been an important factor in the nation's economy for over a hundred years, they account for almost 20 per cent of the total retail business. Yet an article in the Ottawa *Citizen* of Thursday, January 12, at page 17, had this to say:

> Swedes staggering under the world's highest cost of living, were faced today with higher taxes and prices in the toughest budget for at least nineteen years. Observers saw the budget as a determined government effort to correct a faltering economy.

But where will it all end here in Canada? Mr. Fowler, President of Interprovincial Co-operatives, 1962, is reported as saying:

> Co-operatives hope to acquire 25 to 35 per cent of the total business of providing goods used by humans.

Mr. Speaker, if this special tax privilege continues, and I feel sure Mr. Fowler's expectations were that it will, his prognostications, in my opinion, were uncharacteristically pessimistic.

Speaking before the standing committee on transportation and communications on October 8, 1966, on behalf of the Canadian Co-operative Wheat Producers, Mr. Gibbins had this to say:

> We have been in the international grain business for more than forty years and our experience is widespread. Taken together we own and operate for our member farmers more than forty per cent of the licensed country elevator space in western Canada and about forty per cent of the terminal elevator space and handle about half of the total grains marketed in the three prairie provinces. Our farmer membership accounts for about eighty per cent of all prairie farmers. In addition either separately or together we operate livestock marketing facilities and a packing plant, flour mill, process vegetable oils, publish farm newspapers, manufacture and distribute fertilizers and other farm supplies, and maintain an insurance company.

This is indeed quite a diversified philanthropic organization. If this phenomenal expansion continues and the special tax privilege is left unrepealed, who, in the name of

heaven, but the personal income taxpayer will be left to shoulder the tax burdens being imposed by modern government.

Corporate enterprise in Canada last year paid almost $1.5 billion in income tax. Eighty two per cent of this tax was required for welfare payments. It would be well for members of parliament to consider the tax burden that will fall upon the shoulders of the personal income taxpayer in our country if this special privilege continues to give rise to such monumental vertical integration of co-operative enterprises.

A confirmed anti-socialist, I personally believe such a development to be even more insidious than state ownership and control of our means of production and distribution. Surely, if by some miracle, the state enterprise would show a profit, such profits would at least be calculated for use by the state to the benefit of all the people.

Now, Mr. Speaker, at this stage of my contribution members will begin to wonder just why I have become suddenly involved in a study of this serious matter. I, too, perhaps, would have remained blissfully unaware of this situation had the results not begun to endanger the very jobs and economic well-being of my own constituency. Legislators both provincial and federal have been inclined to ignore the problem.

Indeed, Mr. George Davidovic, research director of the Co-operative Union of Canada, commenting in Antigonish, Nova Scotia, recently, on the subject of Income Tax on Co-operatives is reported to have made this contemptible remark:

> Furthermore they—
>
> Meaning politicians:
>
> —realize the co-operatives are made up of people, very large numbers of people, and after all it is people who make votes!

Obviously, spokesmen for big time co-operatives look upon modern day politicians as fair game for blackmail. Let me remind Mr. Davidovic that corporate employees are voters too, but I do not wish to debase my argument to that level. My concern is for the economy of Canada generally and the welfare of a large number of my constituents in particular. I hold the integrity of members of parliament in higher regard than does Mr. Davidovic.

On the avenue of fertilizer production involving Cominco and Western Co-operative Fertilizers Ltd. there appears to me to be a head-on encounter. For a moment let us review the history and development of production and use of fertilizer in western Canada. It began with Cominco, then Consolidated Mining and Smelting Company, which was the only producer until 1954, when Northwest Nitro built its plant at Medicine Hat.

Throughout those early years the major marketing task was to demonstrate to the Canadian farmers the economic benefits which could be achieved in improved yields, earlier maturity and better quality of crops by use of fertilizer.

The progress was slow and tedious. Consumption rose in the three prairie provinces from nil in 1930 to 25,000 tons in 1940, thence to 100,000 tons in 1950 and 170,000 tons in 1960. Since that time growth has been accelerated rapidly and in 1966 consumption was about 700,000 tons.

The rapid acceleration of consumer demand that may be seen is directly attributable to the promotional activities conducted by Cominco over the past 36 years. Their marketing policy has been and continues to be strongly based on technology. Their people are not merely salesmen but are university trained agronomists who have been trained to know soils, crop fertilizer requirements and the proper method of application, thus ensuring the most efficient use of fertilizer by the plant. Cominco has conducted a great deal of fundamental research on prairie soils and soil fertility, and has sponsored research at the three western prairie universities.

Mr. Douglas: Has it also written members' speeches, may I ask?

Mr. Byrne: All these efforts have been designed to increase crop productivity. They have placed hundreds and sometimes thousands of demonstration plots.

The first year Western Fertilizer came into production they took over 25 per cent of Cominco's market on the prairies. The sales pitch was to instruct their co-operative controlled retail outlets to quote the going price but offer a patronage refund at the end of the fiscal year.

However, it is natural, and indeed to be expected, that other producers would be attracted to the Canadian prairies. Over the past 12 years competition has grown and at the end of 1966 four additional companies were producing, with a total capacity of 900,000 tons. Cominco's total capacity in Trail, Kimberley, Calgary and Regina was a million tons.

These plants supplied the Canadian prairie market with some 700,000 tons in 1966 and exported 1,200 million tons. In addition, J. R. Simplot is currently putting on stream a fertilizer plant of 350,000 tons annual capacity and Imperial Oil has announced their intention of producing 500,000 tons annually commencing in mid 1969. By this time it is estimated the total prairie consumption of fertilizer may be 950,000 tons. It appears from this forecast that the western Canadian market will face a virtual glut of fertilizer over the next five to ten years.

• (8:50 p.m.)

Mr. C. W. Gibbins, president of the Saskatchewan wheat pool, is reported to have stated that the aim of the co-operative plant in Calgary is to save the western farmers as much as 35 per cent on fertilizer charges. While Cominco can probably maintain a fair share of the western Canadian fertilizer market under all competitive conditions, it is extremely doubtful and, in fact, improbable that it could do so if its main competitor is a co-operative enjoying a special tax privilege. Western Co-operative Fertilizers have already announced a plant expansion ranging up to one million tons.

Fertilizer production is one of the basic elements in the economy of East and West Kootenay. Long and costly freight charges over mountainous territory both to the prairies and the seaboard for the finished product and the high cost of mining and delivery of phosphate rock to the Kimberley and Trail plants constitute a severe disadvantage.

Nevertheless, throughout the years Cominco in response to the demands of a strong and militant industrial union, led the field in wages and working conditions and other social benefits to its employees. Throughout most of those years, Cominco has paid to the federal and provincial treasuries 50 per cent, representing hundreds of millions of dollars income tax on all profits. Yet a glance at the D.B.S. price index listing commodity services and equipment used by farmers and based on 1935-39 prices will reveal that in terms of constant dollars the cost of fertilizer has decreased over the period.

Mr. Deputy Speaker: Order. I have made allowance for the interruptions which the hon. member encountered during his speech but I must now advise him that the time allotted to him has expired.

Mr. MacInnis (Cape Breton South): Would the hon. member permit a question before he continues?

Mr. Deputy Speaker: The hon. member's time has expired. The hon. member for Halifax.

Mr. McCleave: We are prepared to give the hon. member more time in which to complete his address. I believe everyone on this side is agreeable to that being done.

Mr. Herridge: It is a most interesting speech.

Mr. Deputy Speaker: Does the hon. member for Kootenay East (Mr. Byrne) wish me to ask for unanimous consent?

Does the house give unanimous consent for the hon. gentleman to continue?

Some hon. Members: Agreed.

Mr. MacInnis (Cape Breton South): Did I hear an interjection "no" from the Liberal side?

Mr. Byrne: Thank you, Mr. Speaker. The price index reveals that the cost of fertilizer has decreased over the period mentioned. The 1965 index shows farm machinery at 284, a rise of 184 points; building material 405, a rise of 305 points; feed 230, a rise of 130 points; seed 212, a rise of 112 points, and fertilizer 180 for a rise of only 80 points. In the light of these figures, was there real justification for co-operatives, short of a genuine profit motive, entering into the fertilizer production field?

On a relatively small scale tailored to growing western demand, Cominco has developed the first iron and steel production industry in western Canada, but it was, and still remains, a by-product of fertilizer processing. The expansion of this embryonic industry, therefore, is contingent upon continuing fertilizer production and expansion at the Kimberley plant. Here iron tailings, of which there are many million tons in storage and other thousands produced daily, are roasted to produce sulphuric acid and iron calcine. But it is a costly process consuming vast quantities of electrical energy. Sulphuric acid is the main re-agent in all phosphate fertilizer manufacture.

While the production of fertilizer by this process may stand alone under normal competitive conditions, production of iron and steel could not. In other words, it appears to me that the continuation and expansion of the steel industry in the Kootenays is directly related to the production and marketability of fertilizer. Fertilizer production at this time is an extremely marginal operation and cost of money is a major determining factor.

Any suggestion of a substantial reduction in price, even far less than the 35 per cent proposed by Mr. Gibbins, and made possible only through tax privileges tantamount to a direct subsidy, would simply eliminate corporate enterprise from the market. Such a prospect seriously jeopardizes the economy of the Kootenays and the welfare of hundreds of my constituents.

I ask hon. members, therefore to consider seriously everything I have said. Would it not be appropriate, in this centennial year, to change our tax laws to make them equally applicable to all—to share the tax burden without special privilege to any group?

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

Mr. Deputy Speaker: The hon. member's time has expired.

Mr. Basford: May I have the unanimous consent of the house to ask a question?

Some hon. Members: No.

Mr. Robert McCleave (Halifax): If I had a question to ask, I would ask the stout defender of private enterprise production of fertilizer whether he is really standing up for the bulls of Bay street.

Mr. Byrne: Make up your own mind.

Mr. McCleave: It it always difficult to follow the hon. member for Kootenay East (Mr. Byrne). The target is so wide and inviting that one is apt to become completely diverted by it and fail to get on with the business at hand.

What we have just heard represents one of the most singular attacks upon co-operatives and credit unions in Canada that I have been privileged to hear in the House of Commons. It was not only outspoken; it was atrocious. Surely the spirit of co-operatives and of credit unions is the banding together of people with limited means in order to achieve a strength which they would not otherwise possess. On this side of the house we are inclined to suspect that the speech so diligently read by the hon. member for Kootenay East, with all its copious notes—we all know that the parts he read sounded much better than the parts he "ad libbed"—was put into his hands by somebody. Obviously he was flying a kite—

Mr. Byrne: On a point of order, Mr. Speaker. The hon. member has no right to imply that I was making a speech prepared elsewhere. I have sat on this side of the house for many years and have often heard what appeared to me to be speeches prepared in the back room of the Leader of the Opposition, but I have never suggested they were not speeches made by hon. member who was delivering them. I prepared this speech myself and delivered it with copious notes.

[Mr. Byrne.]

Mr. McCleave: I would not wish to send anybody else on a suicidal mission by saying they had written the speech. I will acknowledge to the hon. member that he himself did write the speech. I am glad to hear him confess that he wrote it.

The arithmetic of the hon. member may also be open to question. He said he has sat here since 1949, but I cannot recall his presence between 1958 and 1962. I understand that the hon. member for the distinguished riding of Kootenay East at that time was a Mr. Murray McFarlane.

There are obviously other hon. members who wish to come to grips with the hon. member for Kootenay East on the subject of taxation, or non-taxation, of co-operative unions and credit unions. I do not intend to deal with the subject further, except to point out that if the hon. member would lean across and speak to the parliamentary secretary to the Minister of Public Works (Mr. Stewart) he will find, perhaps, that the parliamentary secretary would like to excise some of the paragraphs from the speech which has just been read to us.

• (9:00 p.m.)

My own thoughts are more in agreement with the speech delivered earlier today by the hon. member for Edmonton West (Mr. Lambert). He said this was an unnecessary budget, and I suppose he was dealing with it from that point of view because of its sins of commission, the imposition of taxes to raise moneys for old age security supplements which could be raised in other ways. With that aspect of his argument I do agree. Later on, however, I would like to attack the mini-budget for its sins of omission, that is, the things it could have done but the Minister of Finance did not deign to do.

Before I do so I do not think it is out of place in a budget debate to mention, as a native of New Brunswick, a significant event which took place in that province tonight, the victory of a former member of parliament, who has gained a seat in the provincial legislature. I understand that Mr. Charles Van

Horne is going to gain that seat by a margin of about 2,500 votes.

Mr. Keays: On a point of order, Mr. Speaker, before announcing the wonderful victory in the province of New Brunswick, I think the hon. member for Halifax (Mr. McCleave) should first of all clear up the question of the fertilizers mentioned by the hon. member for Kootenay East (Mr. Byrne). Could he tell us, are these fertilizers extracted from the surface or how far down must we go to get them?

Mr. McCleave: The only source of this substance that I know of was in the speech of the hon. member for Kootenay East (Mr. Byrne). But returning to the event that happened in New Brunswick this evening, I think it must give the Minister of Finance some pause for reflection, because one of the points that was eloquently pressed over and over again—

Mr. Chrétien: The former hon. member was wise enough to resign from your party.

Mr. McCleave: I am sorry; did somebody have a question?

Mr. Chrétien: He resigned in 1961 from your party.

Mr. McCleave: Mr. Van Horne is Conservative party leader in the province of New Brunswick, and perhaps his election victory is more significant, since the matter has been raised from the other side, in that his quarrel was not with a gentleman named Mr. Savoie but a gentleman named Louis J. Robichaud, who happens to be the premier of New Brunswick. And I suggest that before the end of the year the happy event of this evening will be translated into an even happier event, namely the replacement of the present government of New Brunswick with one more attuned to the needs of the people.

As I was saying, some of the issues raised in that by-election are very pertinent to this debate. The government's tight money policy lies particularly hard upon Atlantic Canada, and questions have been raised by the return to the federal government of the hon. member for Davenport (Mr. Gordon). This afternoon in this house I saw that hon. member, now Minister without Portfolio, communing with the Minister of Finance. Both have since gone forth and not returned, and now the Minister of Trade and Commerce (Mr. Winters) is here to take their place.

I suppose that under the policies of the government those with one point of view hold the fort for a particular time, and those with another point of view hold it at another time, thus trying to beguile the voters. But the return of the hon. member for Davenport to the cabinet was aptly pronounced upon in a recent editorial in the Montreal *Gazette,* from which I quote in part that it—

> —recalls what old Dr. Samuel Johnson said about a man who had married for the second time. "It was," said Dr. Johnson, "the triumph of hope over experience."

Mr. Byrne: That's an old one.

Mr. McCleave: Old, but none the less true. Why did the hon. member return to the cabinet? We know that in mid November a number of reverse going away, farewell dinners were held for him saying, "After all, don't go, Walter." Then came the announcement by the Prime Minister (Mr. Pearson) that the lost sheep had returned to the fold.

We recall when he left on November 10, 1965, after an electoral event which could only be counted a disaster by his own party. When he met with his fellow colleagues in the cabinet two days after that event and said, "I am going to resign because I gave you bad advice," to his dismay they accepted his offer, right on the spot.

My own inference from what happened recently—I was not there and nobody has blabbed yet—is simply that the Prime Minister decided it would be unprofitable and unwise to open up the Davenport seat for a by-election. Therefore he was faced with two alternatives, neither one very palatable. One was to let the hon. member resign from the house and have a by-election; the other one was to have him back in the cabinet. There was no middle ground, and he chose what was best in the interests of the Liberal party for the time being, whether it was best for the country or not.

Again I quote from the Montreal *Gazette* editorial:

> In view of the record, there can be little enthusiasm for Mr. Pearson's decision to place Mr. Gordon at the head of a committee to study the implications of foreign ownership and control of Canadian industry. This happens to be the field in which Mr. Gordon, when last holding office, held the most extreme opinions and was well on the way of doing the most damage.
>
> Such policies as he supported brought protests from the Canadian Chamber of Commerce, the Canadian Manufacturers' Association, the Canadian Institute of Chartered Accountants, and from many other sources concerned with practical business.

To that distinguished list we could add the former president of BRINCO and Rio Tinto, the Minister of Trade and Commerce, (Mr. Winters) who has no aptitude for swallowing the Gordonian philosophy.

What has the Prime Minister done with the shadow minister of finance? I suggest he has done this: He has appointed him in charge of a very important study, a gentleman who has his verdict ready now and is simply going to go around and scout up such facts, and the blessings of such colleagues as he can muster to the cause to support him in that verdict.

It may be said of the Minister of Trade and Commerce that he at least has sense enough to stay away from such a dubious undertaking. It also allows him to go forth with a straight face and let it appear that nothing really has happened by the return of the hon. member for Davenport to the cabinet, clutching his carpetbag of strange and narrow, isolationist, fiscal policies.

I now wish to deal with the budget, Mr. Speaker, and concentrate on its sins of omission. There is one that really stands out. Surely when we study the problems that today baffle Canadians, the most serious problem we have is the failure to come to grips with soaring prices. From the Third Annual Review of the Economic Council of Canada, 1966, quoting from page 191, I point to the paragraph where recommendations included:

• (9:10 p.m.)

> To achieve a more satisfactory reconciliation of economic goals, the main policy "levers" must be complemented by policies whose primary focus is the supply rather than the demand side of the economy. Among these are effective manpower and other policies to encourage the flow of available resources into their highest and most remunerative uses, and to help relieve the economic pressure points which are in part responsible for the appearance of excessive price and cost increases before the economy has reached its potential path.

Later on in the recommendations point 9 might be drawn to the attention of the minister. It reads in part as follows:

> It is more than ever important that effective measures be taken to increase productivity at all stages of food production and distribution.

This is all good fodder for the Minister of Finance; and all of this, by the way, was available to that minister some weeks before the budget was presented. The following is a quotation from page 199:

> Among the required measures are an important range of supply-oriented policies, including those designed to improve productivity, to strengthen competition, to facilitate adjustments to technological and other change, and to increase manpower training and mobility.

[Mr. McCleave.]

Giving him a few marks and some Christian generosity for some of those points, I still say that the minister has failed absolutely to come to grips with the most important suggestions made by the Economic Council of Canada in that particular report. Instead, some of the excursions and forays of the government into this field smack more of a public relations technique than one of honest and sound administration.

At page 181 of this Third Annual Review a press release of the President of the Privy Council is quoted fairly extensively. This press release dealt with the fact that the Economic Council had been asked to carry on a major investigation in the general area of reasonable price stability. The point I make is that the Economic Council of Canada did not find very much about the terms of reference from the order in council that was passed, but found them from a press release issued by a member of the cabinet. This is one of the most extraordinary things, I think, which one could see in government, even government by press release such as we have now.

Well, sir, I will very quickly conclude. I would have preferred that the budget had dealt not only with the particular point of price stability, something which is bedevilling Canadians, but also the matter of a higher exemption in the income tax. If we agree with the Senate committee on aging, that $1,260 should be a minimum for our old people, we would probably also say that $1,260 should be a minimum for our younger people and that therefore $1,260 should be the exemption for any one person in Canada. I think to that some people would be inclined to reply Q.E.D.—quod erat demonstrandum.

This is another thing which should have been included in the budget in order to help the young married people of this nation who must go out and make capital expenditures for furniture and accommodation in order to get their marriages and eventually their families under way. I think the budget has fallen down sadly in that regard. For these reasons, and because the Minister of Finance (Mr. Sharp) has proposed to impose taxes at this particular time when taxes do not appear to be necessary, I support the amendment and will reject this budget.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I should like to intervene in this budget debate to discuss a few matters which I consider most important and which I would hope the government would

adopt as policy in this centennial year. Last September the Minister of Finance moved that certain matters with regard to the cost of living be referred to the joint committee of the Senate and House of Commons on consumer credit. The committee was asked to look into the causes of the rapid rise in the cost of living with regard to consumer items and report and make recommendations. After many sittings during the months of September, October, November and December the committee issued an interim report in the middle of December in which it made very significant recommendations.

At this time I feel obliged to take strong exception to some of the remarks made by my colleague the hon. member for Kootenay East (Mr. Byrne), because I feel that his opinions do not, according to my understanding, reflect the thinking on this side of the house with regard to credit unions and co-operatives. It always has been my humble feeling that co-operatives were a means whereby small businessmen—the farmer, the fisherman and the consumer—got together, through a co-operative exercise, to make it possible for a man to be the master of his own destiny, to use the words of Dr. M. M. Cody, the great pioneer of co-operatives in Nova Scotia for whom I have always had the greatest respect.

Mr. Winkler: But you have not got the message.

Mr. Allmand: I think I have. I have been a member of a co-operative for several years.

Mr. MacInnis (Cape Breton South): That is not the message we are talking about.

Mr. Allmand: Mr. Speaker, during the hearings of the committee on consumer credit several witnesses appeared who recommended, not that the role of the co-operatives be restricted, but that it be increased. Several witnesses who appeared before the committee suggested there should be a federal act to govern co-operatives. This is something which we do not have at present. This would help the co-operatives help people through co-operative action, on a broader scale than they can now. At present they are restricted to the provincial co-operative acts. The co-operative federation for many years has been recommending that there be a federal co-operatives act. It may be, after we have studied this matter more in the committee, that we may recommend to the government that such a bill be introduced.

It is significant that the Stewart Royal Commission in 1959 recommended that there be a federal co-operatives act, but so far that recommendation has not been accepted either by the previous government or by this government. I think it was in 1906 or 1908 that a Liberal government introduced into this house a bill to establish a federal co-operatives act, but the bill was defeated in the Senate after it had been passed by the House of Commons.

There were other important recommendations in the interim report of the committee on consumer credit (prices). One of the most important recommendations was that we establish a department of consumer affairs. Many members have asked why it is necessary that we have a department of consumer affairs. They say it is important that the consumer be protected but they ask why is it necessary that we have a department and a minister to do it. Of course it is important that the public's interest be protected, and I think it also is important that we have a department and a minister whose sole responsibility is to be concerned with consumer problems and to initiate legislation to protect the consumer and help him with regard to the problems of the rising cost of living, inflation and so on.

Right now there are several statutes which are designed to protect the consumer, but these statutes presently are administered under five separate departments. They are under the Department of National Health and Welfare, the Department of Fisheries, the Department of Agriculture, the Department of the Registrar General and the Department of Finance. Although the statutes are fairly well administered under these departments, I think if we are to have co-ordination with regard to consumer affairs and the administration of these statutes they should be brought together under one ministry.

• (9:20 p.m.)

Another point is that most of these departments are concerned more with production, and the producer end of farming and fishing, than with the consumer who eventually buys the products of these industries. I hope that when the government introduces the speech from the throne in this centennial year a department of consumer affairs will be one of the items included in that speech.

There were other recommendations in the interim report on consumer affairs which are also very important. These were recommendations to help and protect consumers. One

recommendation was that there should be more and better grading processes of the different products sold on the Canadian market. There was also a recommendation that there should be labelling and packaging of products which would provide more information for consumers as to the contents.

It was found by the committee on consumer prices that one of the groups hardest hit by the inflation which took place between the middle of 1965 and the middle of 1966 were those persons on fixed incomes, and especially the pensioners. That is why we were so ready to welcome around Christmas the legislation of the Minister of National Health and Welfare (Mr. MacEachen) increasing the old age pension by $30 a month and introducing the new concept of a guaranteed minimum income. I hope this guaranteed minimum income will be increased in the future, because although it is a worth while measure at the present time I think that as a guaranteed minimum income it is too low. But I appreciate the fact, and congratulate the Minister of Finance (Mr. Sharp) for this, that when we adopted this measure of social welfare he let it be known that we do not spend large sums of money on measures such as this without paying for them.

I accept what the minister said in this respect, namely that at this particular time the tax measures necessary to provide for the guaranteed minimum income were about as high as we could go, but I hope this income can be raised in the future. I also hope that this is only the beginning, and sooner or later this policy will be applied to other welfare measures such as family allowances, unemployment insurance and similar programs. I think we should maintain a guaranteed minimum income across the board for people who are unemployed, families, and so on, in addition to providing it to our old age pensioners.

The hon. member for Halifax (Mr. McCleave) mentioned the tax exemption. I support the suggestion that the exemption for people on pension be at least raised to $1,260, because at the present time the extra $500 exemption, as all hon. members know, applies only to those over 70 years of age. Under the new legislation there will be pensioners receiving $1,260 per year through the guaranteed minimum income program, and they will have to pay tax on $160. I do not think this is fair. I hope that in the budget to be presented later this year the minister will take steps to correct this situation.

[Mr. Allmand.]

There are two other matters I should like to raise very briefly at this time. As one hon. member said this evening, a budget debate is the time when backbenchers can raise grievances. One grievance that I should like to raise as a member from Montreal concerns the question of winter navigation on the St. Lawrence river. I believe that in this centennial year the government should undertake an intensive study to see whether a policy of full winter navigation on the St. Lawrence would be economically feasible. Then I hope they would take steps to put that policy into effect. I congratulate the Department of Transport for—

Mr. MacInnis (Cape Breton South): Mr. Speaker, would the hon. member permit a question?

Mr. Allmand: Yes.

Mr. MacInnis (Cape Breton South): Whether or not winter navigation on the St. Lawrence is economically feasible, does the hon. member realize it would be morally wrong?

Some hon. Members: Oh, oh.

Mr. Allmand: I would think that if it was economically feasible, this would not mean it would be morally wrong and necessarily uneconomical for other parts of Canada. I intended dealing with that matter shortly, Mr. Speaker. Perhaps the hon. member for Cape Breton South (Mr. MacInnis) will disagree with me and if so I hope he will speak on this matter in the house, because I believe it is one that should be debated. In any event, as a member from Montreal I should like to give my opinions on this subject.

I believe that in this age of advancing technology and science, to deny the implementation of this technology and science merely to satisfy one part of the country or another is just another form of featherbedding, and I do not think that in the long run featherbedding benefits society as a whole, in this case Canada. I hope that if such a report does recommend winter navigation on the St. Lawrence as economically feasible, this policy will be carried out. I do not think it would hurt the ports of Halifax and Saint John because I would hope the government would also assist those ports to become as efficient as possible. I doubt whether those ports will ever become sidetracked by the shippers of today's world because I think there is a continuing—and it will become greater—demand for good port facilities. Halifax and Saint John do have good port facilities, and I would

certainly support all reasonable measures to help these maritime ports become more efficient and competitive.

The final matter I wish to raise this evening in the budget debate is that of air pollution. I raise this question also as a Montrealer because we had recently in that city a very difficult problem with air pollution. Again I know the government has taken certain initiatives in this respect, but because of the very great danger to Canadians I think the initiatives must be increased. I have here a quotation of Senator Robert F. Kennedy of New York. Senator Kennedy said that:

> —air pollution in New York city is so acute that every year "old and young, rich and poor, athlete or infirm recluse . . . breathes in 750 pounds of his own wastes".

I have another quotation of the words of Vice President Hubert Humphrey of the United States, who said:

> More people are dying from emphysema—

which is a throat disease aggravated by air pollution—

> —than on the field of battle in Viet Nam—

I think that many of us, because we can go outside and breathe do not recognize the seriousness of this problem right now and believe we can put it off until some time in the future. But I think that if we do not do something now, in 1967, on a very large scale to combat air pollution, in a very few years we will be in very serious trouble, and then it may be too late to do very much about it.

• (9:30 p.m.)

So I would like to recommend strongly to the government that during Canada's centennial year it adopt what I think are three worth-while programs: first, that it take a serious look at the recommendations contained in the interim report of the committee on consumer prices; second, that it undertake a large scale and effective program on air pollution; and third, that it adopt a serious and positive policy with respect to winter navigation on the St. Lawrence.

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I believe that the budget which we are considering tonight is a good indication and reflection of the government's attitudes. I certainly hope that the hon. member for Kootenay East (Mr. Byrne) who loosed a diatribe against co-operatives such as has seldom been heard in the house, was not reflecting the government's views. The entire budget suffers from defects which we exemplified in the speech made by the hon. member for Kootenay East. It showed a complete lack of concern for what is going on in the country and for the needs of the people of this country, and an excessive concern for maintaining the corporate power, which is already far too great. When we see a co-operative movement in existence, people banding together to try to find an alternative to this power structure, to try to reduce prices, and to insist on competition, it is disconcerting to find this kind of attitude in response. This is regrettable, especially as it comes from one so close to the government as is the parliamentary secretary.

In introducing his budget the Minister of Finance (Mr. Sharp) referred to it as a neutral budget. I think that the word "neutral" is too kind. Perhaps it should be called a "paralysed" budget, because this is what it reflects. It reflects a paralysis on the part of the government in dealing with the great and pressing problems of this country.

We have the problem of Canadian identity and nationalism, and what is the government doing about it? After having permitted this problem to develop throughout the years, all of a sudden it shows a sort of enthusiasm toward solving it. We see people running around in circles, establishing task forces and looking for answers. Royal commissions on this subject have been set up, many books have been written and I do not know how many investigations have taken place and opinions have been offered. However, now that we are faced with a crisis, a task force is being set up. I do not know what solutions this task force will bring, but I have very little hope that it will find solutions to our problems. If these solutions will consist in putting some kind of curb on United States ownership without examining the deep-rooted problems in the economic structure of Canada, then that task force will have been a complete failure and will have misled the Canadian people. I hope sincerely that it does come up with some answers although, judging from its actions and from its personnel, I do not have the kind of confidence which I wish I could have in this particular case.

The Minister of Manpower and Immigration (Mr. Marchand) has been working very hard and, generally speaking, has been applauded for his efforts in the field of manpower. He has introduced a mobility program which, as we pointed out from the start, was

inadequate because it only touched the surface of the problem, because it was too restrictive in outlook, and because it depended on an entirely new set of ancillary conditions in order to prove its effectiveness. These ancillary conditions are not even being recognized by the Minister of Finance. The result is that the mobility program is a complete failure. The figures on this subject given to us by the Minister of Manpower and Immigration indicate this. One of the reasons for its failure is that we have not provided for the kind of housing that will be needed in those areas into which we attempt to move people. People cannot be moved into non-existing houses. They cannot be expected to move from one area of the country into another area in which housing is not available to them.

An effective immigration program cannot be established when the minister warns immigrants not to go to certain centres in Canada which are perhaps the centres which need them most. On the one hand an agency says to them: Come on over, we need you, we would like to have you, and on the other hand they are told to stay away because no houses are available for them. There is complete confusion and paralysis in terms of defining objectives and trying to achieve them.

An inflationary situation has developed in this country. We have seen the cost of living go up higher and faster than it has for a long time, and the first thing that happens under those circumstances is that the government suddenly forgets the grand words which it used in the Speech from the Throne when it said: "There will be a war on poverty. There will be an end to poverty in Canada. The dispossessed will be considered." We do not hear this any more because we have failed to control the inflationary process in this country and because of a lack of imagination in dealing with this problem. The grand design for our society has gone down the drain, and this budget reflects it. There is hardly a word in the budget about the kind of obligation which the government should have toward those who need the assistance of the government.

The government is to blame to a large extent for allowing the interest rates to rise. The Minister of Finance even acknowledged some of his responsibility in this matter. We have started to put on the brakes elsewhere. The minute brakes are applied to the general economy it is the large regions in the country where no brakes are required that suffer most, even in the most overheated circumstances. The disparity in income between prosperous regions in Canada and those who are trying to achieve that prosperity is still great. Where in this budget can the answer be found? Where is there even a recognition that such a problem exists in this country, recognition of the fact that an attitude which is appropriate to an economically viable section of Canada is certainly not appropriate to those areas which need development urgently and which could be developing at this time without adding anything to the problems of inflation or to the difficulties in controlling the cost of living? There is nothing dealing with this in the budget, not even an apparent awareness.

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

Mr. Saltsman: Not from that seat.

Mr. MacInnis (Cape Breton South): Mr. Speaker, may I call your attention to the fact that this has happened for the second time this evening, and unless there is a change in the seating and the hon. member has been made minister of the government, he is out of order.

• (9:40 p.m.)

Mr. Saltsman: I am sure the parliamentary secretary will understand that I should like to conclude my remarks, but I will try to leave some time available for questions.

Mr. Macdonald (Rosedale): Why don't you accord the same courtesy to us?

Mr. Saltsman: We have seen medicare sacrificed on the flimsiest of excuses. This was not done in this budget, but it was done in the previous budget and the minister could have corrected that in this budget. Medicare was thrown to the dogs, and why was it thrown to the dogs? There is not an economist in this country who will defend the minister when he says that medicare was inflationary, that medicare was really a serious problem with which he had to cope. The impression remains, and it is an impression I do not like to consider, but it is unavoidable, that the minister took this action to satisfy those companies which were so ably defended tonight by the hon. member for Kootenay East (Mr. Byrne). Perhaps his actions were a sop to these corporate giants who felt that the postponement of medicare was the kind of restraint this country needed.

This budget will go down as one of the most insensitive documents ever presented to this house. It is almost without justification in what has been done to convey the chastising image of the government. I believe we are rather fortunate in Canada in that scorpions and whips are rather rare, or perhaps the minister might have used them as the medium to impress upon the Canadian people the fact they have to pay for welfare services, that money does not grow on trees. This is a spurious argument. It has been repeatedly shown that these taxation measures were not necessary to pay for this kind of program.

I should like to read an editorial from the Toronto *Star* which I think puts the situation rather well. It carried the heading "The Budget: Moralism Through a Fog" and states:

> Canada has found its stern public moralist, its Cromwell of the treasury, in Finance Minister Mitchell Sharp.
>
> If there was any real purpose behind last night's mini-budget except to point the moral lesson that new social security benefits must be paid for immediately, it was not evident in the facts and figures which Mr. Sharp himself gave ...
>
> It is good of Mr. Sharp to care about our moral redemption. But it's an odd system of priorities for a minister of finance. We must hope the economy and the ill-housed can bear so much virtue, such Cromwellian zeal.

The minister and the government which I presume he represented in the presentation of his budget, had an opportunity to bring in social justice as something which should be brought in with pride and satisfaction, a sense of achievement, instead of representing it as a burden. I was interested in a speech the minister made on October 13 to the National Industrial Conference Board in which he gave his views on welfare services:

> I am one of those who believe that these vital responsibilities are a proper burden to place equitably upon all of us in dividing the fruits of our increasing productivity which arises in a very large measure from joint efforts made by many.

This is the view of the minister and presumably the view of the government. Our sick are a burden; it is too bad they will not go away. Our elderly are a burden; it is too bad they grew old and have to be cared for. The fact that they worked all their lives to build this nation should not mean they are now a burden. The weak are a burden. The just society that we all seek has become a burden. What sort of philosophy is this for the government to have? What sort of budget is this that reflects this kind of attitude toward the whole problem of social justice in Canada? This budget is regressive, and it is being called regressive by many. Except for a small bow the minister made to progressiveness in raising the ceiling on the old age pension tax, the minister did not make any other obeisance.

I should like to quote from a column in the Toronto *Star* which gives the opinion of F. Gerald Townsend, a tax specialist and partner in the chartered accountancy firm of Thorne, Gunn, Helliwell and Christanson. Mr. Townsend said:

> The increase in the maximum old age pension tax payment from $120 to $240 per year would mean an increase of 2 per cent to a person with a taxable income of $6,000 per year. However, to a person with a taxable income of $30,000, the increase would be only one half of one per cent.
>
> In a similar way the inerease in the federal sales tax from 11 to 12 per cent would bear more heavily by proportion on those with smaller incomes. This was direct violation of the principle of payment according to ability to pay.

If we were going to be chastised, then should not everyone be chastised equally or are some to be chastised more than others, especially those with lower incomes? Perhaps these people have been chastised more because they have lower incomes and deserve to be chastised more. Perhaps this is the attitude of the government. I should like to hear the minister defend his position before the Canadian people instead of adopting this surreptitious way of bringing in this philosophy through the back door. I feel he will find the Canadian people have ways of examining these proposals and evaluating them.

In the speech to which I referred the minister was talking about what a lucky country Canada is. I should like to quote his statement—

> When before have men ever been able to look forward with confidence to such cumulative improvements? Where in the world, outside of a few lucky countries like our own, can one hope for so much?

It is true that we are a lucky country, and we have every right to hope for a great deal; but that hope does not appear likely to come to fruition as a result of the actions of this government. I should like to quote from the Second Annual Review of the Economic Council of Canada. They give some of the reasons this country has a right to expect something more than has been presented to us in this particular budget. I quote from page 61 of the report:

> It is widely recognized that Canada has important natural resources in the form of minerals, petroleum, forests, fresh water and agricultural land. Historically, natural resources and their development and export have played an important role in

the development of particular regions of Canada and the timing and industrial composition of growth in the country as a whole.

The above considerations indicate that both the extent of capital facilities and the use of land and natural resources per person tend to operate in the direction of a higher level of productivity in Canada than in the United States. In combination with other factors, a large volume in capital, land and other natural resources may be very important elements in high levels of productivity, but they are not sufficient in themselves to assure the attainment of high productivity and high standards of living. Thus, the main explanation for the lower levels of Canadian incomes per employed person must lie in the differences in the quality of Canada's productive resources, and in the efficiency with which these productive resources are combined in the production process—that is, the scales of output, degrees of specialization, the attitudes and effectiveness of management and labour, and so forth.

Instead of "so forth" we could have said, "because of government policies." In Canada, we have the greatest opportunity to be the most affluent nation in the world. Instead of that, Mr. Speaker, with all these advantages and opportunities, our level is about 25 per cent lower than that of the United States.

• (9:50 p.m.)

It is not that our people do not work as hard. I think we see instances where they work just as hard as it is possible for any group of people to work. But without proper policies and the proper involvement of the government in the affairs of the nation in order to get the maximum use of our resources, our capital and our labour, we cannot achieve these levels that we are entitled to expect.

The most indefensible attitude of this government is when it talks about productivity, congratulates itself on its level of productivity and what it has done to achieve it. As we look at the budget, Mr. Speaker, where do we see a single measure which indicates we are going to do something to improve productivity? There is only a negative measure. Perhaps the inference is that if we do not have a universal old age pension in Canada we will have productivity, which is a fallacy.

On the question of sales tax, Mr. Speaker, is there any indication that the sales tax can be used in a selective manner to ensure productivity? We see that not at all. The very items which are needed to assist productivity are those which the minister is insisting upon taxing.

As to investment policy, Mr. Speaker, is there any direction or guidance given to the country in this budget? Is there any indication of the role which is played by social capital in improving productivity? Are there any measures in relation to the research programs which are so badly needed in this country to improve our productivity? Where are the measures to rationalize Canadian industry, which almost every expert now agrees is one of the central problems facing this nation? There is none of these measures, Mr. Speaker. But there is moralizing.

In conclusion, Mr. Speaker, I should like to say that what this country needs is a little less moralizing from the minister and his government and a few more ideas about how to run the nation. This budget is a document of omissions of those things which should have been done. It says nothing to the Canadian people. It offers no hope to those looking for a government to provide a sense of direction to the nation. It offers no challenge to the people of Canada to rally around ideas being developed by the government, so as to create the great society we all seek. It does none of these things, and for that reason has to be condemned.

The minister would have been far better off never to have introduced such a budget. He has displayed the nakedness and poverty of the government's program. It is almost an insult to bring in a budget of this type. The prideful minister said he was going to bring in a budget and he brought one in, even though the reasons for a budget no longer existed. The minister should have maintained his pride by bringing in a budget of a positive nature, one which would have encouraged the economy and spurred the nation on to those goals that it seeks.

In view of the lateness of the hour, Mr. Speaker, I would be very pleased to accept the question the parliamentary secretary seemed so keen on putting. I see he has had his question answered during the course of my speech, and I am very pleased that I have been able to anticipate the problem that was in his mind. I hope he has listened carefully to what has been said and will be able to convey these thoughts to the minister when he sees him.

Mr. Chrétien: Mr. Speaker, I did just want to make one comment. The hon. member said that in the budget—

Mr. Speaker: Order, please. The hon. member cannot make a comment. He can ask a question if the hon. member who has the floor allows him to do so.

Mr. Chrétien: Is the hon. member aware that in the budget last March which dealt

with the general economy for this year the government made the provision that a lot of the additional measures introduced at that time would not be applicable to the designated areas? Probably the hon. member is not aware of that.

Mr. Saltsman: Mr. Speaker, I am very well aware of that item to which the hon. gentleman refers; but if the government considers that that particular item will do anything more than put a false hope into the hearts of people in the designated areas it will have to examine that idea again. Because that is all that measure will do.

May I call it ten o'clock?

Mr. Speaker: I am informed that the hon. member has three minutes to go before his time expires. Is it the wish of the house that the hon. member be allowed to terminate his oration?

Mr. Stewart: May I help the hon. member out by asking him a question?

Mr. Saltsman: I thank hon. members for permitting me to conclude.

Mr. Stewart: May I ask the hon. member a question to spin out his speech? Would he tell the house whether in fact he is opposed to the designated area program, not in its details, but as a general program? I would not want him to leave any misunderstanding on that score.

Mr. Saltsman: I am not opposed to the concept of designated areas, Mr. Speaker, but certainly I do not think that the proposals the government has introduced can be considered the least bit satisfactory in meeting the needs of the people in the designated areas. If I recall the occasion on which I spoke on this subject, I called the program a cruel hoax. I said it was a program that looked as if it offered hope and encouragement, but that it would fail miserably and would not develop the kind of opportunities that were needed in those parts of Canada.

Mr. Stewart: Would the hon. member admit that these are pretty vague words he is now tossing around?

Mr. Saltsman: All I know is that the way to judge a program is by its effectiveness. If you look around this country and note the depressed areas which have not achieved the level of prosperity to which they are entitled as part of Canada, you have to say that whatever may have been the government measures or the government's intentions in these particular matters, they are far from being a howling success.

May I call it ten o'clock, Mr. Speaker?

• (10:00 p.m.)

Mr. Speaker: I gather the hon. member's time has about expired.

Mr. Macdonald (Rosedale): So has the hon. member.

Mr. Speaker: Order, please.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

EXTERNAL AFFAIRS—NORTH VIET NAM—USE OF FUNDS GIVEN FOR AID

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am glad to have the opportunity to speak for a few minutes about a question which is important to all members of the house who have any feelings for their fellowmen. On January 26 I asked the following question of the right hon. Prime Minister, to be found at page 12260 of *Hansard:*

> My question is based on a statement contained in a question asked of the Prime Minister by the hon. member for Bow River on January 24 in which he said, as recorded at page 12159 of *Hansard:*
>
> "To review my question, it referred to $50,000 of aid to Viet Nam of which ninety per cent was going to North Viet Nam, to the Viet Cong, for purposes other than to assist civilian victims."
>
> Has the Prime Minister received a letter from Dr. A. M. Inglis, chairman of the committee on Canadian aid for Viet Nam civilians, which committee, I might mention, is sponsored by a number of Canadians including the leader of our party and the hon. member for Kootenay West, which outlines the facts with respect to the distribution of this aid—

There was more questioning and the hon. member for Bow River (Mr. Woolliams) asked supplementary questions. I say that the lusty member for Bow River had been misinformed. I expect the parliamentary secretary this evening will be better informed than the hon. member was when he asked the question.

I have in my hand a letter written by Major General A. E. Wrinch, C.B.E., C.D.,

National Commissioner of the Canadian Red Cross Society, addressed to A. M. Inglis, Esq., M.D., F.R.C.S. (C), Canadian Aid for Viet Nam Civilians, P.O.B. 2543, Vancouver 3, B.C. I wish to quote a couple of paragraphs from the letter:

During my recent visit to Geneva on League of Red Cross Societies business, I took the opportunity of discussing this subject with Mr. Roger Gallopin, Executive Director of the I.C.R.C. Mr. Gallopin stated that the needs among Viet Nam civilians everywhere are great but are almost certainly greatest in N.L.F. territory and next in North Viet Nam. Medical and first aid supplies are the priority item and the I.C.R.C. has been shipping these to Hanoi for care of wounded and sick civilians in both North Viet Nam and N.L.F.-controlled territory—those for North Viet Nam being consigned to the Red Cross Society of that country, those for N.L.F. territory to an N.L.F. representative in Hanoi whose address was provided—

And again, later:

"The I.C.R.C. urgently needs more money for purchase of supplies as funds donated by the Red Cross Societies of various countries have been largely disbursed. Although permission has not yet been granted for an I.C.R.C. delegate to function in North Viet Nam and N.L.F.-controlled territory, the I.C.R.C. seeks our support of their program in these areas. Acknowledgment of previous shipments to North Viet Nam has been received and Mr. Gallopin has no reason to suspect that the goods have not been properly used. He urges us to participate."

As you will realize, the above represents a change of attitude on our part which resulted from the very useful conversations that I had with Mr. Gallopin of the international committee of the Red Cross in Geneva.

This letter is signed by Major-General A. E. Wrinch, National Commissioner of the Canadian Red Cross Society.

Now I should like to quote from a letter I received from Dr. Inglis dated January 9, in which he says:

The needs of all parts of Viet Nam are recognized by the Canadian Red Cross which has sent assistance to all areas.

The concluding paragraph is as follows:

Meantime, your readers can assist all civilians in Viet Nam by sending donations to this committee at P.O. Box 2543, Vancouver 3, B.C. We have already received more than $20,000 and have set an objective of $50,000 for 1967 because of the escalation of the war. These funds are distributed in the approximate proportions of population and need; 45 per cent to the north, 45 per cent to the National Liberation Front areas, and 10 per cent through the international committee of the Red Cross to civilians in strategic hamlets in Saigon-controlled areas.

That letter is signed by Dr. A. M. Inglis, Chairman of Canadian aid for Viet Nam Civilians, Vancouver.

[Mr. Herridge.]

I am sure the hon. member for Bow River (Mr. Woolliams) would not have asked the question he did had he been fully aware of the facts. This miniscule aid which we Canadians are sending to the people in North Viet Nam and South Viet Nam is a drop in the bucket compared with the millions being spent daily there now, but they serve to indicate to those people that we have a heart for suffering people everywhere. I look forward to hearing the parliamentary secretary's reply.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of External Affairs): I appreciate this opportunity to put on record again the response which was given by the Prime Minister several days ago to the hon. member for Bow River in connection with the question he raised.

As the hon. member for Kootenay West (Mr. Herridge) has said, some question was raised at that time as to the validity of transfers of funds for medical assistance in North Viet Nam and as to the use to which such funds were being put. I would draw attention to the response given by the Prime Minister on January 26 last as recorded at page 12260 of *Hansard* in which the right hon. gentleman said:

Our information is that the supplies that may be going to Viet Nam are medical supplies, and there is no authorization required under our law to send medical supplies to any part of the world.

The Prime Minister as well made it clear that there is in no sense a violation of Canadian law in this particular program of sending medical supplies to North Viet Nam.

With respect to the questions and answers on January 24, the hon. member for Kootenay West (Mr. Herridge) suggested I might be able to clarify the matter further. However, modesty compels me to admit that the answer given by the right hon. gentleman on January 24 as reported at page 12159 cannot be improved upon. After pointing out that there was no objection to transferring funds, or nothing in the law to prevent the transfer of funds, the Prime Minister went on to say:

As to the second aspect of the question, concerning the use made of supplies or funds sent to North Viet Nam once they have reached their destination, we have no knowledge in that regard and I doubt whether the government of North Viet Nam would regard it as within the responsibilities of our representative on the international commission to seek such information.

• (10:10 p.m.)

I understand that the international committee of the Red Cross has endeavoured to obtain this kind of information with respect to its own consignments to North Viet Nam but without avail. However, I also understand that a representative of the Canadian friends committee was in Hanoi recently and did have an opportunity to talk with representatives of the North Viet Nam Red Cross.

The hon. member has put on record this evening a statement by the international representative of the Red Cross stating that they have no reason to be apprehensive about the misappropriation of funds made available to the North Viet Nam Red Cross. As the Prime Minister has pointed out, there is no effective way the Canadian government could scrutinize how Canadian funds were being used in this regard. The hon. member has also referred to the statement in the letter of Dr. Inglis that no government funds have been made available to North Viet Nam. As was pointed out earlier today by the Secretary of State for External Affairs (Mr. Martin), in fact there has been no request for assistance from North Viet Nam.

NORTHERN AFFAIRS—ASSISTANCE TO FORT SMITH FOLLOWING NAMING OF YELLOWKNIFE AS CAPITAL

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, at the outset I would like to thank the Minister of Indian Affairs and Northern Development (Mr. Laing) for being in the chamber tonight. He is well aware of the subject matter which I wish to raise and his presence shows his concern about it. I am sure that will be appreciated in the community of Fort Smith for which I am now speaking.

I would also like to express my appreciation for the dispatch with which the minister acted in regard to implementing some of the recommendations of the Carrothers commission with respect to the granting of self-government to the Northwest Territories.

Last Monday I asked the minister when he would be able to announce the level and type of assistance from the federal government to be made to the town of Fort Smith, to ensure that no disastrous economic effects could be felt by the Fort Smith community as a result of the movement of many families from Fort Smith to Yellowknife, which has now been declared the capital of the Northwest Territories.

The minister replied to the effect that there was a certain amount of thinking going on in terms of institutional buildings for Fort Smith. I then asked if the minister would consult with his colleague, the Minister of Industry (Mr. Drury), to see if the provisions of the Area Development Incentives Act could be applied to the community and you, Mr. Speaker, suggested that my question was not proper at that time.

Tonight I hope to impress upon the minister that he and his department have responsibility to this town not only in terms of his being the minister responsible for northern development, but in terms of a particular and peculiar responsibility in this special instance. The problem of the community of Fort Smith arose as the result of a decision of the federal government to locate the capital of the Northwest Territories in Yellowknife, as recommended by the Carrothers commission and the Council of the Northwest Territories.

Prior to this decision Fort Smith was considered the administrative centre of the Northwest Territories, and for that matter had been recommended as the capital in 1962 by a previous council, with the result that private industries were counting heavily on the growth of the town in the event that the community was declared the capital. Because the federal government was charged with making the final decision I maintain, as do the residents of Fort Smith, that the federal government has a direct responsibility not only to assist the community but to initiate measures which will ensure stable growth and remove the threat of disaster which now hangs over it like Damocles' sword.

It may be argued that the initiative is up to the territorial government and the townspeople themselves, but I come back to the premise I established a moment ago, that a federal government decision has caused the present chaotic situation, and therefore the federal government, through the minister and his department, has a direct responsibility to bring hope and aid to the town.

There is a precedent for this, Mr. Speaker, in terms of the decision made approximately 12 years ago to abandon the town of Aklavik and create the new town of Inuvik. At that time the federal government subsidized all the business townspeople who wished to move from one town to the other, and I suggest that this might be taken into consideration in the present case.

What is the future of Fort Smith? I am not worried about its future, nor are the townspeople, provided we have the encouragement and incentive of the federal government behind us. We must have now, however, some indication from the federal government about the type and level of assistance which will be available to the town. The town is not standing waiting for the federal government to take the initiative. The mayor of Fort Smith, Mr. Paul Kaiser, will be in Ottawa next Monday, together with the representatives from the town to give the minister his views and ideas concerning how the town can grow and develop. In the meantime there are other ideas. Last week I spent a very delightful two and a half hours with 450 people who are residents of the town. Naturally there was some concern. There was some hostility. However, there was no fright; I think this is extremely important.

It was suggested that this great roads program which has been brought in by the government might be re-evaluated in order that the road development could commence in the area of Fort Smith, rather than at the east arm of Great Slave lake. The Department of Agriculture undertook to do a land survey. I should like to know what the results are.

In the time which remains to me I should like to suggest to the minister that there are two important factors which he must consider. The first concerns the establishment of some type of a prefab housing factory in an area where there is lumber—and that is the Fort Smith area. There is a proposal to build approximately 100 homes in Yellowknife this year. I believe the Department of Indian Affairs and Northern Development, in consultation with the territorial government and the Department of Industry could bring into effect some form of incentive so that a factory could be established in this particular area to provide the basic prefab facilities for this great growth in Yellowknife itself.

Finally, Mr. Speaker, I should like to impress upon the minister the urgent necessity to establish a university of the north which would include in its curriculum at least the first two years toward a Bachelor of Arts degree. Hopefully the minister will be able to bring together all the interested parties, including members of the territorial government and the federal government, to discuss the matter fully and completely.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, first of all I should like to commend the hon. member for the Northwest Territories (Mr. Orange) for his energy and ingenuity in looking after the people in his area. I presume that is his responsibility and I believe he is doing it most admirably. In addition to that he has arranged to have the mayor and councillors of Fort Smith come to Ottawa next Monday. We will discuss matters with them. I should like to commend the mayor and his council for having contracted with an engineering firm in Edmonton to make further suggestions concerning what the city might do in the interim.

First of all, I should like to say to the hon. member—and I know he agrees with me—that none of us are very surprised about any particular area in the Northwest Territories at the present time. The hon. member is more aware than I of the abundant resources—the metals and now gas and oil—which are indicating themselves in so many places. We have a gas field in the Northwest Territories which is only about five weeks old. It has prompted a pipe line company already to announce its intention to build a 20-inch pipe line into the area. The resources of metals, principally gold, copper, lead, zinc, and asbestos are well known and are beginning to show up everywhere.

The main thing that we could do for Fort Smith at the present time would be to come to some agreement with the government of the province of Alberta in respect of diminishing the size of Wood Buffalo Park, which covers an area of 17,000 square miles. There is a herd of buffalo there and we intend to keep them, but they do not need 17,000 square miles. I have spoken to the responsible minister of the province of Alberta and to Premier Manning of Alberta. I told them we would be very happy to negotiate for part of that park to be developed, if we could get compensating land in southern Alberta. I would hope we could carry those negotiations further. There is there an enormous quantity of very high-grade spruce, and the construction of a saw mill, lumber mill and planing mill in Fort Smith is realistic if we could use that timber. This was indicated by my friend the hon. member for Northwest Territories (Mr. Orange).

• (10:20 p.m.)

We are doing other things. The acting commissioner of the territories has been in Fort Smith for three or four days. We have indicated that we intend to move in there a number of institutions that would otherwise

be in other parts of the territories. We are thinking in terms of a hospital at Fort Smith, possibly with a residential nursing facility, because many of the native women make very, very excellent nurses indeed. We have in contemplation a great variety of things. I will be glad to see the mayor when he comes here, and I think when he goes away he will feel a little happier than he does at the present time.

Motion agreed to and the house adjourned at 10.23 p.m.

HOUSE OF COMMONS

Tuesday, February 7, 1967

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS

Tenth and eleventh reports of standing committee on public accounts—Mr. Hales.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

IMMIGRATION—CONCURRENCE IN SECOND REPORT OF SPECIAL JOINT COMMITTEE

Mr. Jack Roxburgh (for Mr. Klein) moved:

That the second report of the special joint committee of the Senate and House of Commons on immigration, presented to the house on Tuesday, January 31, 1967, be concurred in.

Motion agreed to.

FINANCE

BANK OF WESTERN CANADA—LOANS TO PREFERRED SHAREHOLDERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Finance. It has to do with the statement he made in the house yesterday as recorded at page 12682 of *Hansard,* and which reads in part as follows:

—I had indicated to one or two people since Mr. Coyne made his statement that the terms of the order speak for themselves, that I was not going to give approval to transactions of the kind outlined here, and that it would require very exceptional circumstances for me to exercise my discretion. I said that in one case to Mr. Sinclair Stevens and in another to another member of the associated group.

I asked if the minister would tell us who that other person was, and the minister replied that he would have to refresh his memory. Arising out of that statement I ask the minister when, where and under what circumstances the minister made this positive and categorical statement to Mr. Sinclair Stevens. Who was the other person in addition to Mr. Stevens to whom the minister referred, and under what circumstances and where did that discussion take place?

• (2:40 p.m.)

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, similar questions were directed to me yesterday in the committee on finance, trade and economic affairs, but I am quite happy to clarify my answer of yesterday in the House of Commons.

I made these statements to Mr. Sinclair Stevens yesterday, after Mr. Coyne had made his statement, in a telephone conversation I had with Mr. Stevens when he phoned me to state his position in relation to the statements made by Mr. Coyne. I have refreshed my memory, Mr. Speaker, and it is to the effect that I am not certain whether in the conversation I had with the other person yesterday morning immediately following my discussion with Mr. Sinclair Stevens I did in fact repeat what I had said to Mr. Stevens.

Mr. Diefenbaker: Who was the other person?

Mr. Sharp: The other conversation was not in relation to any matters which are before the house. It was a conversation on another subject altogether, and I should not like to say now that I did mention this matter because that might not be accurate and might lead to unnecessary embarrassment on the part of that person.

Mr. Diefenbaker: Did the minister have occasion to read Mr. Stevens' statements reported in the *Globe and Mail* for today, to the effect that:

I advised the directors that at some future date I, in my capacity as president of B.I.F., would seek clarification from the Minister of Finance as to under what circumstances such consent—

That is, borrowing consent.

—would be granted.

I have not approached the Minister of Finance on this matter nor do I intend to.

Mr. Speaker: Order, please.

Mr. Diefenbaker: Mr. Speaker, I bring that to the minister's attention, and I would ask him how this conversation arose yesterday between him and Mr. Stevens.

Mr. Sharp: Mr. Speaker, I think it is important that this matter be clarified, and I hope I may have your indulgence to say a few other

words. I volunteered this statement to Mr. Sinclair Stevens in case there should be any doubt whatever about my attitude in relation to the certificate that has been granted to the Bank of Western Canada to open business. Mr. Stevens did not ask me about this; I volunteered the statement.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question to the Minister of Finance with reference to the Treasury Board minute which extended the 10 per cent ownership provision prescribed in the legislation, thereby giving the B.I.F. group the right to own over 50 per cent of the shares for a period up until 1977.

May I ask the minister why this 10 per cent limitation was extended by the minister in the case of the B.I.F. group through the Treasury Board minute.

Mr. Sharp: Mr. Speaker, the reason is that this is a new bank and we do consider it most important that we should encourage new Canadian owned banks to establish in business. This is done under the provisions of the Bank Act and, indeed, under the provisions of the special act that was approved by this house establishing the Bank of Western Canada.

Mr. Douglas: A further supplementary question, Mr. Speaker. May I ask the minister why in this Treasury Board minute respecting the commitments which the B.I.F. group have given to a parliamentary committee with respect to not associating their business with that of the bank the minister is given authority to exempt them from the commitment they have made to the House of Commons, a commitment which the applicants themselves had voluntarily given to a committee of the house.

Mr. Sharp: Mr. Speaker, in case very exceptional circumstances should arise I think it is a wise thing not to so restrict these matters that the Minister of Finance could not grant exemption under those very exceptional circumstances. As I said yesterday in the house, I made it quite clear that I consider that the general nature of the relationship between the bank and its preferred shareholders is covered by the order itself, and that the discretion is only to be used in very exceptional circumstances.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. The representation or undertaking having been made to parliament, what took place that caused the alteration in the Treasury Board order to relieve this bank from the responsibilities which it led parliament to believe would in fact be carried out? The bank needed no encouragement with respect to any relief.

Mr. Sharp: Mr. Speaker, there was no alteration in any order of Treasury Board. That is the original order.

Mr. Diefenbaker: No, no. I talked of the undertaking to the House of Commons.

Mr. Douglas: A further supplementary question, Mr. Speaker. Since the commitment had been made by the B.I.F. corporation to a parliamentary committee, and since under this Treasury Board minute the minister had the power and discretion to allow the company to circumvent that commitment, could not this have been done without parliament being acquainted with the decision the minister had made?

Mr. Sharp: Mr. Speaker, the Treasury Board minute underlined the conditions under which the Bank of Western Canada could operate. Nothing in any legislation is more restrictive. Those conditions carried out the wishes and intent of parliament, in accordance with the undertakings given by the corporation.

Mr. Diefenbaker: Parliament was deceived, completely deceived.

INQUIRY AS TO TAXATION COMMISSION REPORT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Yesterday I asked the Minister of Finance when he expected the royal commission on taxation to table its report. Today I ask the minister whether or not W. M. Anderson, chairman of the board of North American Life Assurance Company, had an advance copy of the commission's report, because in his address at the annual meeting yesterday he gave many of the details of the report. It is rather strange that somebody outside should have access to the report before it is tabled in the house.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have not seen the statement made by Mr. Anderson. The government does not have the report, and I am quite sure the royal commission would not give it to unauthorized persons.

ADMINISTRATION OF JUSTICE

CALVIN MACDONALD—INQUIRY AS TO ASSOCIATION WITH R.C.M.P.

On the orders of the day:

Mr. Raymond Langlois (Mégantic): My question is directed to the Solicitor General. Can he tell the house whether Calvin Macdonald ever worked for the R.C.M.P. in any way?

Mr. Speaker: Order, please. The hon. member has asked previous questions about the gentleman to whom he has just referred. I cannot determine any urgency about the matter. Because these questions have been repeated over a long period of time, I am led to believe that the subject matter could easily be placed on the order paper.

Mr. Langlois (Mégantic): Mr. Speaker, I have not asked the question before in this form. Since this man has uttered slanderous remarks about so many people, I think the government should answer my question yes or no.

Mr. Speaker: Order, please.

Mr. Langlois (Mégantic): I rise on a question of privilege, Mr. Speaker. You recommended that I place the last question I asked on the order paper. I would gladly do so, but it takes time for it to appear. I submitted some motions and questions a week and a half ago, and they are not yet on the order paper. On Friday I submitted a question and it is on today's order paper. Somebody along the line is stalling, and I should like to know why that is. If I am asked to put questions on the order paper I shall do so, but I expect to see them appearing there. I would ask that questions submitted be placed on the order paper more quickly than they have been placed. I shall submit this question and hope the minister can answer it.

NATIONAL DEFENCE

ST. JOHN'S, NFLD.—REPORTED UNAUTHORIZED VISIT BY U.S. NUCLEAR SUBMARINE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I wish to direct a question to the Minister of National Defence. Has the minister any comment to make about the unconfirmed reports that a United States nuclear submarine visited St. John's, Newfoundland, on February 6 without prior permission from Canadian authorities?

Inquiries of the Ministry

Mr. Speaker: Order, please. I do not think the question is in order. The hon. member asks the minister to comment about something that may have happened. Unless there is urgency, which I fail to see, I do not think the question should be asked at this time.

Mr. Crouse: Mr. Speaker, may I ask the minister to comment. Is the report that a nuclear submarine landed at St. John's, Newfoundland true or false?

Mr. Speaker: Order, please. The question in that form is not acceptable.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the Minister of National Defence whether the recent visit of a United States nuclear submarine to a Newfoundland port is part of the program of handing over the surveillance of Canadian waters to the United States navy.

Mr. Speaker: Order, please. This question is argumentative.

Mr. Churchill: I do not see any argument at all, Mr. Speaker. Surely we are entitled to information. If this is what is happening, cannot the minister tell us? The abolition of the Canadian navy must be made up for, then, by the activities of the United States navy.

Mr. Speaker: Order, please. I still believe that the question is argumentative and I do not think the minister should be allowed to reply.

An hon. Member: He wants to reply.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I will ask the Minister of National Defence this. Has the government of Canada entered into any agreement with the government of the United States for the protection of Canadian waters in the event that the Canadian navy cannot assume its responsibilities?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, might I be allowed to answer the previous question?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. Perhaps the minister would rather answer the previous question than this one, but I would think that generally speaking the two questions fall into the same category and cannot be asked at this time.

Inquiries of the Ministry

POWER

ESTABLISHMENT OF RESEARCH INSTITUTE BY HYDRO QUEBEC

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I have an inquiry for the Minister of Energy, Mines and Resources. Is the minister aware of or has his attention been directed to the announcement made yesterday by the premier of Quebec with regard to the establishment of a $28 million research institute by Hydro Quebec for the purpose of studying questions of transmission and other generally related matters in the field of electrical energy? If so, can the minister say whether it is the intention of the government of Canada to participate or assist in this project, as was indicated by the premier as his hope?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, may I ask for time to study this matter.

CANADIAN CENTENNIAL

INQUIRY AS TO REGULATIONS RESPECTING AWARD OF MEDAL

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not know whether the Prime Minister is yet in a position to give the house and the country a general concept of the awarding of the centennial medal. It is amazing the number of people who have shown an anticipatory interest in this matter. Have the rules been put together to set out who shall be the subject of this honour and the circumstances under which the award shall be made, so that many who are outside the pale of governmental expectation will know in advance?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, arrangements are being made governing the awarding of this particular centennial medal. I, or the Secretary of State, will be able to make a statement before long. I will do my best to see that the right hon. gentleman's name is on the list.

Mr. Diefenbaker: I take it that the Prime Minister has already appropriated his. I would ask the Prime Minister, has approval as to form, style and content been given by Her Majesty?

Mr. Pearson: Yes, Mr. Speaker, all the necessary steps were taken before this was decided upon.

[Mr. Speaker.]

EXTERNAL AFFAIRS

VIET NAM—REQUEST FOR AID TO WAR VICTIMS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, the Prime Minister will not be surprised if I question him today concerning the request of the Quakers in connection with medical supplies being made available to Viet Nam.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am grateful to my hon. friend for his patience in this matter of a request from the Quakers that the government should provide free transportation for medical supplies to all parts of Viet Nam, including of course North Viet Nam.

This matter was given the most careful and thoughtful attention by all those interested in and responsible for the conduct of Canadian aid programs, and I would emphasize that this is the context in which the Quakers' request had to be considered. As a result of this examination we came to the conclusion that we had no alternative but to decline the Quakers' request as inconsistent with the established practices of our official aid programs.

Specifically, the arrangements under which we work with recipient countries provide for the governments of these countries on their own account meeting the shipping charges on all goods or commodities supplied under Canada's official aid programs. Having insisted on this principle in our government to government aid programs, it would be difficult to adopt a different policy with respect to shipments from Canada of items provided by private groups interested in international aid programs. We have not done so in response to previous approaches from such groups, and such approaches have been made in the past.

Although that was the essence of the decision communicated to the Quakers yesterday, I might remind the house that there are no government obstacles in the way of normal shipments of medical supplies abroad. Similarly, if normal banking channels can be found for this purpose, we would place no obstacle in the way of transfer of funds for humanitarian purposes in Viet Nam.

NATIONAL DEFENCE

INQUIRY AS TO DISTRIBUTION OF NEW UNIFORMS

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Have any new armed services uniforms been distributed to national defence staff?

Hon. Paul Hellyer (Minister of National Defence): Not yet, Mr. Speaker. We have been preparing a uniform for trials during the coming summer season. The staff have now agreed as to what it should be, and a number of sample uniforms will be ordered which can be worn by headquarters and command personnel this summer in order to determine whether it is acceptable in all respects, including durability. A public announcement on this will be made in the not too distant future.

Mr. Nasserden: As a supplementary question, is it the intention of the minister and the department to issue some of these uniforms to the federal centennial commission?

Mr. Hellyer: Only if they are in the armed forces, Mr. Speaker.

Hon. J. A. MacLean (Queens): As a further supplementary question, Mr. Speaker, I would like to ask the minister if it has been decided that these experimental or trial uniforms will not be green, as has been reported, but will indeed be "Hellyertrope"?

Some hon. Members: Oh, oh.

AIR POLLUTION

EQUIPPING OF AUTOMOBILES WITH PROTECTIVE DEVICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. It is based on the announcement made in Washington on Saturday relating to the elimination of air pollution by clean air packages in motor vehicles, and on the reply given to me yesterday by the Minister of Industry that this question was under study by the Department of National Health and Welfare. Has the government practically completed its studies so the Canadian people may anticipate that they will receive protection by Canadian standards similar to that which will be enjoyed by United States citizens?

Inquiries of the Ministry

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the matter referred to by my hon. friend is still under consideration and when appropriate, further information will be given.

Mr. Grafftey: Mr. Speaker, without any desire at all to be contentious, will the minister please assure us that he will reach the necessary conclusions quickly, before it is too late? If the regulations are to apply to 1968 model vehicles the study will have to be concluded soon.

SUDBURY, ONT.—SULPHUR DIOXIDE LEVEL AT INTERNATIONAL NICKEL PLANT

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I have another question for the Minister of Energy, Mines and Resources. Has the minister's attention been drawn to an allegation that the sulphur dioxide content at the International Nickel plant at Sudbury is 40 times higher than the acceptable level in this connection? Will the minister take the initiative in referring to the Canadian council of resource ministers the question of national acceptable air pollution standards as has been suggested by a member of the Ontario legislature?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, this is not my day with the hon. member for Kamloops. I will investigate and report on this important matter.

[*Translation*]

SHIPPING

ST. LAWRENCE RIVER—MAINTENANCE OF WINTER NAVIGATION

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a question for the Minister of Transport.

Could he brief the house on the situation with regard to the opening of the St. Lawrence channel, at the present time? Could he also tell us whether he has received any information in this regard from his department rather than from the newspapers?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I made a request for

such information, the very latest information, but it has not reached me since I made the request. I understand that there was a very heavy frost last night, and I am not sure just what the temperature is at the moment.

[*Translation*]

Mr. Grégoire: A supplementary question, Mr. Speaker. Could the minister tell the house whether or not federal icebreakers are now clearing up the ice jams on the St. Lawrence?

[*English*]

Mr. Pickersgill: I understand there are at least four icebreakers working on this problem at the moment.

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is for the Minister of Transport. Yesterday in addition to assuring the house that he had sought certain information, the minister in his reply gave the house assurances that he had made certain these shippers knew they could ship to the port of Halifax and the port of Saint John. Would he undertake to see that this is reconfirmed?

Mr. Pickersgill: I understand that this information is being conveyed through the usual channels.

TRADE

FRUIT—REQUEST FOR TARIFF ON IMPORTS FROM U.S.

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, on Monday, January 30 I asked the right hon. Prime Minister the following question:

In view of the statement made by the secretary manager of the Ontario Fruit Growers' Association, has it been brought to the attention of the Department of National Revenue that Ontario fruit growers are being adversely affected by large scale imports of processed fruit and is the government considering the imposition of a tariff on fruit imported from the United States?

I wonder whether the right hon. gentleman has an answer to this question.

Right Hon. L. B. Pearson (Prime Minister): I did take up this matter with the department of government concerned. I will try to have a reply by tomorrow.

[Mr. Pickersgill.]

FINANCE

REPORTED STATEMENT BY TRADE MINISTER RESPECTING ACCUMULATION OF SAVINGS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce with reference to a speech he made in Toronto during the week end, which is referred to in a report appearing in this morning's *Globe and Mail* under the heading "Need new look at tax laws, Winters hints". The report is as follows:

Trade Minister Robert Winters told a student audience in Toronto during the week end that government legislation inhibits the accumulation of savings in Canada.

Could the minister advise the house what government legislation inhibits accumulation of savings in Canada?

Mr. Speaker: Order, please. I do not think the question in the way it is phrased is acceptable. The hon. member knows that generally speaking, according to the practice of the house, reference can be made to speeches made outside of the house only to ask the Prime Minister whether this represents government policy. I do not think the question as asked by the hon. member is acceptable.

Mr. Hees: Mr. Speaker, perhaps I might ask a supplementary question. In view of the opinions the minister has expressed recently would he advise what legislation inhibits the accumulation of savings in Canada?

Mr. Speaker: I do not wish to appear to be obstructive, but in asking the question in this way it seems that the hon. member is asking for an interpretation of statutes or for a legal interpretation. This is the interpretation I place on his question.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I ask a supplementary question. The Minister of Trade and Commerce is vitally interested in investment in this country. I should like to ask him, in view of the requirement for investment capital in Canada, would he advise the house which legislation he considers does inhibit savings in Canada?

Mr. Speaker: It might be easier to allow the minister to reply to the question, but in my view it is against the rules to ask such a question. I must seek the co-operation of hon.

members to agree with me that the question as asked both by the hon. member for Northumberland and the hon. member for Edmonton West is not acceptable.

Mr. Lambert: We are seeking information.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, may I ask the Minister of Trade and Commerce whether he would participate in the debate this afternoon and give the house an idea of his views, which seem to be contrary to those of the Minister of Finance and the Minister without Portfolio from Toronto.

Mr. Speaker: That is a very valid question.

WATER RESOURCES

INQUIRY AS TO STUDY IN CANADA BY NATIONAL COMMISSION

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I also have a question for the Minister of Energy, Mines and Resources. In view of the fact that the United States congress yesterday authorized the formation of a national waters commission to make a comprehensive review of national water resources programs and problems, is a similar study being undertaken in Canada by any public body?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I know of many studies on water supply made in Canada in the past and others which are being made now, some of them by the provinces, some of them by the federal government and some of them jointly, but I am not aware of any national study. Most of our investigations are conducted on a regional basis. I have a speech to make in a few days on the inventory of Canadian waters, and I will be glad to send a copy of the speech to my hon. friend.

Mr. Aiken: Does the minister have in mind the setting up of a national body to evolve a comprehensive plan in respect of the use of our water resources?

Mr. Pepin: Mr. Speaker, I know one thing; it is easier at this moment at least to do these things in the United States than it is to do them in Canada.

Inquiries of the Ministry

GRAIN

NORTHERN ALBERTA—BOX CARS TO HANDLE MOIST AND DAMP GRAIN

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is for the Minister of Trade and Commerce, to give him an opportunity to reply without any real impediment. In view of the urgency of the situation of the farmers in northern Alberta who have large quantities of damp and moist grain which is likely to be spoiled, will the minister consult with the Canadian Wheat Board and the railway officials to see whether box cars can be supplied in the numbers necessary to meet the emergency?

Hon. Robert Winters (Minister of Trade and Commerce): I will be glad to do that. The box car situation was fairly intense toward the end of last year, but it has been alleviated considerably recently. I will be glad to look into the matter to see what the needs are and what can be done.

COMMONWEALTH RELATIONS

REQUEST FOR REPORT ON MEETING WITH CARIBBEAN COUNTRIES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, could either the Secretary of State for External Affairs or the Minister of Trade and Commerce give the house a report on the Caribbean conference which was held at Saint Lucia in an endeavour to work out greater co-operation with those countries?

Hon. Paul Martin (Secretary of State for External Affairs): This was a conference of officials, and the officials will be reporting to the government. In due course the government will make its report to the house.

Mr. Douglas: I am aware it was a meeting of officials, but have any decisions been arrived at and are there any indications that out of this conference there will come a sugar agreement? This is one of the questions in which there is a good deal of interest both in the Caribbean area and on the part of the sugar consumers in Canada.

Mr. Martin (Essex East): This and other questions were discussed. Different proposals have been made and these will be examined by the government. The matters concerned not only economic but also certain other political questions as well.

Inquiries of the Ministry

Hon. Robert Winters (Minister of Trade and Commerce): May I say something supplementary to the reply by the Secretary of State for External Affairs. The undertakings we made last year respecting sugar will be carried out. At the recent conference officials explored further ways and means to do this, but the undertakings will be fulfilled.

Hon. Michael Starr (Ontario): I have a supplementary question, Mr. Speaker. Has the government any plans to increase our aid to the West Indies, either by way of additional money or by diverting certain aid that is now being received by other countries?

Mr. Martin (Essex East): Yes, Mr. Speaker. As the Prime Minister indicated the other day and as we announced about four months ago when we met with the Caribbean countries, we have decided to approximately double our aid to the West Indies.

Mr. Starr: Is the minister in a position to tell the house what form this aid will take?

Mr. Martin (Essex East): I would be very happy to do that, but I am sure my hon. friend with his long experience will agree that this cannot properly be done on the orders of the day.

INDUSTRY

REPORTED STATEMENT BY MINISTER RESPECTING POSSIBLE FREE TRADE AREAS

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, my question is directed to the Minister of Trade and Commerce. Yesterday when speaking to the national export advisory council it is reported that the minister said there were several areas of free trade similar to the U.S.-Canada car pact arrangement that they were investigating. Is the minister in a position to advise the house as to what areas of free trade he was speaking about?

Hon. Robert Winters (Minister of Trade and Commerce): No, Mr. Speaker; and I do not think we have reached that stage yet. I said there were other potential areas. I think hon. members know that we have been looking beyond the auto parts pact into areas where the same sort of formula may be applied, but it is premature to say precisely what they are.

Mr. Hales: I have a supplementary question. Would furniture be one of these areas of free trade?

[Mr. Martin (Essex East).]

CANADIAN CONSTITUTION

REPORTED STATEMENT BY ENERGY MINISTER RESPECTING CONFERENCE

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to address a question to the Minister of Energy, Mines and Resources. A special report to the *Globe and Mail* covering an address to the Women's Canadian Club in Montreal stated that the minister, when criticizing requests for a new written constitution, said that a constitutional conference to study revision of the British North America Act would be a terrible idea. I wonder whether the minister was expressing his views or the views of the government on this occasion.

Mr. Speaker: Order, please. As I suggested to another hon. member today, a question of this nature should be directed to the Prime Minister.

EXTERNAL AFFAIRS

PROPOSED TRIP BY PRIME MINISTER'S PARLIAMENTARY SECRETARY

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my question is for the Secretary of State for External Affairs and I believe he will be able to answer it on orders of the day. In the minister's "Nobel" pursuit of peace in Viet Nam, will the fact finding world tour of the hon. member for Leeds include any activity on behalf of the minister in Saigon or Hanoi?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to say I agree with what the Prime Minister has said. I am sure we will find the purposes which are taking the hon. member for Leeds to certain countries useful. My hon. friend may belittle the efforts of certain people who are trying to promote peace in the world, but I am sure most members of this house and of this country believe the hon. gentleman speaks the language of a seventeenth century statesman.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, as a twentieth century backbencher I should like to ask a supplementary question. Will the minister tell the house whether the invitation to the hon. member for Leeds resulted from his own initiative, or was it extended as a result of the initiative of the government of Chiang Kai-shek?

Mr. Martin (Essex East): In the first instant I think the invitation was offered by the government of Formosa, which asked the hon. gentleman to come as its guest. The government felt there were reasons he should undertake this visit, but that under the circumstances it should assume the cost of the trip.

Hon. Marcel Lambert (Edmonton West): I have a supplementary question, Mr. Speaker. Will the same circumstances prevail in respect of other members of this house who may have received similar invitations?

Mr. Martin (Essex East): The hon. member for Leeds happens to be the parliamentary secretary to the Prime Minister. If the hon. member is looking for an invitation I can only suggest that in certain cases one might be very difficult to obtain.

Mr. Lambert: I could not agree with you more.

Mr. David MacDonald (Prince): Mr. Speaker, my supplementary question relates to the original question and the answer by the Prime Minister yesterday afternoon as reported in *Hansard*. Are the rules of this house such that committees, in this case the external affairs committee, are only called at the behest of a minister? That was the indication given yesterday. I thought this house determined its own committee procedures rather than the specific minister involved.

Mr. Speaker: Order, please. I suggest the hon. member is advancing an argument rather than an appropriate question.

INQUIRY AS TO POLICE REPORTS ON BOMBING OF YUGOSLAV BUILDINGS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Solicitor General or the Prime Minister. Has any word been received as yet in respect of the investigation regarding the bombing of the Yugoslav consulate last week?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, we have received no report as yet. We are pressing for one and hope to receive it as quickly as possible.

CANADIAN NATIONAL RAILWAYS

OTTAWA—TRAIN TRAVELLING WRONG WAY ON C.P.R. TRACKS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, my question is directed to the Minister of Transport and does not concern icebreakers. As one of the passengers on the C.N.R. train which went flying 15 miles past the Ottawa station on the C.P.R. tracks on Sunday, at great danger and inconvenience to the passengers, I should like to ask the minister to confirm the report that a full investigation is being made into this matter, and to assure us that in the meantime C.N.R. employees will be made aware of what the new Ottawa station looks like so they will recognize it.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I should like to advise the hon. gentleman not to associate too much with Mr. Van Horne if he is going to have this effect on trains. The matter is, of course, being investigated. This is a matter of some concern, and I am sure the C.N.R. will do its best to see that it does not happen again.

Mr. Bell (Saint John-Albert): A supplementary question. Do I take it from the first part of the minister's remarks that he is repudiating the decision of the voters of New Brunswick yesterday?

Mr. Pickersgill: Unfortunately I have not the capacity to do that.

NORTHERN AFFAIRS

DEPARTMENTAL PRESS RELEASE ISSUED BY MEMBER FOR ST. JOHN'S EAST

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development based on a press release issued from his department on February 1, 1967 by Mr. Joseph O'Keefe, the hon. member for St. John's East. Is Mr. O'Keefe officially connected with the minister's department and, if not, has a new policy been established whereby private members representing specific constituencies make such announcements on behalf of the department?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, let me assure the hon. gentleman that the hon. member for St. John's East took the lead in initiating with the department the project to which he has referred, as have other members in respect of other projects. Therefore I think it most appropriate that the hon. member's name should have been associated with the announcement. That will continue to be our policy.

Inquiries of the Ministry

Mr. Aiken: Mr. Speaker, I recognize that individual members are often connected with projects, but my question related to the policy which allows private members to make announcements on behalf of the government. Many members initiate projects, but I can think of no other occasion when a similar announcement was made by—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. It seems to me the hon. member is now making a speech. Does the hon. member have a supplementary question?

Mr. Aiken: Mr. Speaker, perhaps I should ask the Prime Minister whether there has been a change in policy regarding announcements by private members on behalf of the government.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if the hon. gentleman will consult Senator David Walker I am sure he will find there has been no change.

Mr. Speaker: Order, please. We are running out of time, and I am wondering whether the hon. member wants to take up the rest of the time available.

Mr. Aiken: I should like to debate this at ten o'clock.

OLD AGE SECURITY

QUEBEC—DISCUSSIONS RESPECTING TRANSFER OF ADMINISTRATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, will the Minister of National Health and Welfare tell the house whether the government is now engaging in conversations or discussions with officials of the government of the province of Quebec in connection with the take over by that province of old age security administration? What discussions have taken place, what is the present position of those discussions, and what is the government's attitude in this regard?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, officials of my department have not held any discussions with officials from the province of Quebec in respect of such a take over.

[Mr. Laing.]

• (3:20 p.m.)

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed, from Monday, February 6, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, at this time I should like to discuss the reform of the procedures of parliament. I want to take this opportunity of doing so because some excellent speeches have been made on this subject in various parts of the country, notably by the Minister of National Health and Welfare (Mr. MacEachen) and others. The resolution to set up a special committee to examine the continuation of the changed rules was passed by parliament without debate, and a good many of us had hoped to have an opportunity to discuss this matter at that time.

I have a fairly loud voice, Mr. Speaker, but I do find it very awkward and difficult to speak when about 87 other hon. members are speaking at the same time.

Mr. Speaker: Order, please. Will hon. members kindly continue their conversations behind the curtains? The hon. member for Royal has a most interesting speech to make which I am sure all of us would like to hear.

Mr. Fairweather: I am particularly anxious that the government house leader, if he can spare a minute or two to listen to my speech, give me the benefit of his views at a later date because he and some other people share the responsibility for the fact that some ideas put forward by the Prime Minister (Mr. Pearson), the Leader of the Opposition (Mr. Diefenbaker) and others have not yet been translated into action.

Mr. McIlraith: Will the hon. member permit a question? Why does he single out the government house leader in this kind of personal reference when the government house leader is one of those in the house who try to obey the rules and conduct themselves in a responsible way?

Mr. Muir (Cape Breton North and Victoria): That is what the hon. member said.

Mr. Fairweather: I would soon use up my time if we are going to have a dichotomy of

views between us on this matter. I think that the minister has a responsibility and I respect the part he plays in the reform of the rules of parliament. However, among those of us who occupy the back benches there is a feeling that the recommendations for parliamentary reform that might have come from the minister have not as yet been indicated.

Mr. Speaker: Order, please. I hope the hon. member will want to return now to the consideration of the business at hand. If so, he will not be charged with the last two or three minutes.

Mr. Fairweather: Of course the first reform that is essential is one that was recommended to parliament by the special committee on parliamentary procedure, and that was the establishment of a standing committee on procedures. I think it was a great pity that when certain changes were made to the rules this recommendation of the special committee was not carried out. The advantages of such a committee are, first, that owing to the fact that it would be a standing committee it would be established immediately upon the opening of parliament. It would also be able to keep under constant review many of the good changes that are being made in parliamentary institutions in other parts of the world.

I suggest that the reform of the procedures of this house should take place from top to bottom and that it has to be considered by a standing committee over several sessions perhaps. This is not a stop and start matter. It is a matter of a fundamental review which should take place over several years if we really mean what we say and are not just paying lip service to reform.

Parliamentary procedure boiled down to its simplest aspects has only two reasons. First of all, it enables the government to get its program through parliament. Second, it provides an opportunity for those who sit in opposition to the government to prevent the government from running the whole show. As a matter of fact we have had an excellent example recently of the effectiveness of parliamentary procedure during our long consideration of the transport bill. The original bill proposed to parliament was in no way comparable with the one which was finally enacted. I myself may criticize the length of the debate but I think the end result and the work of the standing committee were a tribute to parliament and to those hon. members who participated in the eventual enactment of this legislation.

Money is the basis of our system and the control of the spending of money is really one of our main functions. There may be an easy control in that some people who take refuge in easy solutions to problems just say "No". In a way that is control. However, there is another way to control, the way which I believe parliament should follow. I refer to the examination of programs and policies. It seems to me that those of us who are members here should never lose an opportunity to discuss the working of parliament in other places because there are many people who think that our main function is to legislate and there are many people who have really set up what I might call a false god of legislation and have allowed emphasis upon legislation to supplant the control of spending.

Members of the parliament in Australia have brought about an interesting reform in their procedure. Perhaps it would be a little too fundamental for us yet although it needs the attention of the committee on procedure. I am referring to the change by which all major financial debates in Australia now occur during the various stages of the legislation. In other words, there is no committee of ways and means. Perhaps this is a drastic reform but Australia too is an offshoot of the mother of parliaments and it has seen fit to adopt this procedure. From what I read it has not meant that the rights of members to comment, criticize and exercise control have been inhibited in any way.

• (3:30 p.m.)

There was a tragic example not so long ago in connection with the pay of civil servants. I believe this is an occasion where parliament goes too far. I do not believe that the withholding of supply should be pushed to the limit so that a man who works for the government may be without his properly earned salary.

There is another reform which I should like to be considered and that is the allocation of time for debate. I believe that the special government proposal in this connection was the result of a compromise and is therefore much too complicated. I think a better way would be for the operations of the house to be a matter of day to day negotiation between the whips and house leaders to a greater

extent than I am informed they have been up to now.

With great respect to the Speaker, I feel that the question period should undergo drastic reform. I am not saying that because something is done in Britain it is good. Obviously the geographic area of Britain and the fact that Britain has a national press make it easier to have a more disciplined question period than we have. However, I feel it would be a great reform to have to give 48 hours notice of questions. I believe that the Leader of the Opposition, as an officer of the house, should have the opportunity without notice to ask a question of the Prime Minister or a minister each day.

The fact that the order paper is cluttered with hundreds of questions makes it a poor thing. There is no such cluttering of the order paper in Britain. If there is not time to answer questions on orders of the day, written replies are sent promptly. In this way there is no back-up of questions. I feel sure this procedure would be welcomed not only by those who produce the documents but by those of us who have to wait weeks and sometimes even months to get answers to written questions.

In September, in another part of this building, one of the committees of the Commonwealth Parliamentary Conference considered the problem of parliamentary reform. It interested me to find that there was no parliamentary representative from anywhere in the Commonwealth who did not feel that some aspect of the parliamentary system could undergo fundamental revision. One of the British members set out his views quite succinctly and perhaps at this point of my speech I may share his comments with you on the real reason for parliament. I refer to the remarks of Mr. Daniel Awdry, a member of parliament in the United Kingdom. He said that parliament is the assembly which provides the government and, incidentally, the Prime Minister, to the nation.

The next function of parliament, he said, is to control the executive and, of course, control of the nation's money is at the heart of our parliamentary system. However, he said that the truth today is that control of spending by the House of Commons is largely nonexistent. No one in this chamber could say that comment does not apply to this place as well. The third function that Mr. Awdry suggests is one of information. He said:

> It is the duty of parliament and parliamentarians to create new ideas, to produce original thought and to pass information on to the electors—

[Mr. Fairweather.]

Finally, Mr. Awdry believes that it is the function of parliament to pass laws. It interested me to note that in his catalogue the passage of legislation was last. I know that the Minister without Portfolio (Mr. Turner) would take a keen interest in the third function of parliament, that is, information and the creation of new ideas because he and a good many of us share the view that from the conception of an idea to its eventual enactment, or even first of all its discussion, there is a trail that even the most careful explorer would find difficult in tracking to its end. I think this is tragic and I believe it is part of the reason for the declining respect for members of parliament and their role as initiators.

It has been my experience, and I hope I can say this objectively and modestly, that when we are in a forum where we can share ideas with people they seem to be, first of all, amazed that members of parliament have ideas. Once they get over their amazement they are quite pleasantly surprised to find that some members of parliament are reasonable. The third source of wonder they express is, why can you not do something about these things? Most of the forums I have attended have not sufficient time in their programs to allow members to tell these people why it is so difficult to translate an idea into eventual action by the government.

Mr. Stewart: May I ask the hon. member if he would not agree that it is very difficult to make headlines out of an idea?

Mr. Fairweather: I am accused sometimes of being a cynic but I am not really cynical about the reform of parliament. I know quite well that a speech on parliamentary reform, made at 3.30 on an afternoon when other events in this building will get headlines, is not likely to get much attention from the press. This does not disturb me one bit. I think ideas are worth sharing. I hope that government members, including the hon. member for Antigonish-Guysborough (Mr. Stewart), will join issue on some of the things I have been saying.

Mr. Stewart: May I ask the hon. gentleman another question? I do not believe I want to join issue with him on many of his statements, but does he not insist that the problem to which he is now referring, the problem of better public discussion in our democracy, is really one which encompasses far more than improving debate in this house?

Mr. Fairweather: Yes, and I could attempt to show why by having a discourse here or somewhere else about it but my time is rapidly moving along. Obviously one of the functions which would stand high in my list of the functions of parliament would be the sharing and gathering of information. It is for this reason I really have not too much respect for those who say the duty of a member is to sit in this chamber day in and day out for 200 or 300 days a year. I think that is a sacred cow that is trotted out whenever it is convenient. A member who is able to get around the country comes here better prepared for debate.

The restructuring of our committee system as recommended to parliament by the committee on procedure would have worked better than the one that was finally set before us by the government. It was the feeling of those of us who served on that committee that there should really be no more than 15 committees of parliament with fewer rather than more members. This would make them more efficient. We now have 21 committees, if I am properly informed, each with 24 members. Today is probably a good example of how impossible the system is when ten committees are sitting. As a matter of fact, I am on two committees that have meetings called for 3.30 this afternoon and it is now 3.40.

I believe that the quorums of committees could be greatly reduced without any harm, particularly for those committees which in the early part of their agenda are receiving a large number of briefs. It is apparently assumed that a great many members do not take the trouble to read briefs. Perhaps if the quorums were reduced and more attention were paid to the preparation and reading of briefs, committee work would move along a bit faster.

• (3:40 p.m.)

There are two reforms I should like to mention which have been adopted by the United Kingdom parliament and I think would be helpful to us. One concerns what is known as the early day motion, which is a system whereby members representing the various parties sometimes set down a motion in order to test public opinion on issues, thus giving a particular matter publicity, as the hon. member for Antigonish-Guysborough mentioned earlier. If the matter is serious enough an opportunity is given to the opposition or to those members who want to press the motion to have a day set aside for debate.

I feel that this proposal is an important one. I notice that it was used recently when 70 or 80 members of the British House of Commons put their names on an early day motion which deplored the fact that the government was raising fees for foreign students from outside the United Kingdom who were studying there. These 70 or 80 members were not necessarily supporters of the government; they represented the various parties in the house. I think many more opportunities should be given for that type of challenge to policy.

Another reform which, though in the embryo stage, I think would be worth while considering is that known as the second reading committee. Those of you who read the *Observer* will know that Mr. Richard Crossman has recently been discussing the second reading committee concept. I should like to refer to an article by Mr. Rudolf Klein entitled "Mr. Crossman's New Time-saver" which appeared in the January 29 edition of the *Observer*:

> Crossman's basic idea is simple. Ministers want "certainty and predictability" in getting their measures through the Commons. Backbenchers want more opportunity to influence government policy. Here, he believes, are all the makings of a possible deal, since "business-like predictability is worth paying for."

In other words, Mr. Speaker, if the government could be sure of a legislative pattern it should be prepare to make certain days available for debate on issues that the opposition members feel should take place

To return to the second reading committee proposal, I point out that this committee processes bill which both parties in the United Kingdom—in the case of Canada it would be all parties—agree are non-controversial. The article states:

> It is a system which could gradually give greater influence to backbench M.P.'s while leaving the government's power of initiative intact. For instance, during all the long hours devoted to the steel bill, M.P.'s never once discussed how the steel industry is going to be organized under state ownership.

I do not want to apply the steel bill example to Canada, but I do not think it will take much imagination on the part of hon. members to realize that this type of thing happens all too often in this chamber. In other words, although legislation is debated the ultimate result of the legislation is rarely given any meaningful consideration.

The report which instituted the second reading committee in the United Kingdom was made to parliament on March 25, 1965, so

that they have had a year or so to test this system. An examination of our order paper discloses that there are many non-controversial bills which would receive better attention if they were referred to a committee such as the second reading committee. In our experience it often happens that at the end of a day the house leaders are able to arrange for certain items to be brought forward, and usually the house takes an ambitious initiative and passes them very quickly without any consideration at all. A second reading committee would mean that these non-controversial items would have some attention.

Mr. Churchill: That is before or after second reading?

Mr. Fairweather: Mr. Speaker, my colleague has asked a most interesting question. This is done before second reading. I understand that in all cases the actual second reading is left to parliament itself. In other words, parliament can either accept or reject the recommendation for second reading made by this committee, so that parliament's rights are properly protected.

My reading of literature on parliamentary reform tells me, Mr. Speaker, that two rather simple steps have been taken. The first one was in the early 1880's the other in 1902. Until the 1880's it had been felt that parliament should be untrammelled and everyone bowed to freedom of speech and other shibboleths. Parliament had to face an interesting group of members from Ireland who used every device and delaying action to hold up parliament. As is usual when challenged, parliament found a means of using freedom of speech to its proper end. In other words, Mr. Speaker, these proposals have had historical origins, and I am intrigued to think that the trouble encountered by the Irish M.P.'s really instituted the first great procedural reform in the British House of Commons.

However, we in Canada have not had that experience so our rules, with very little variation, are the rules that we adopted prior to the reforms which took place in Britain in the 1880's. There are, of course, certain exceptions, and we can all think of them. That is why I plead with the government to take the initiative in re-establishing as a standing committee the committee on procedure, because reform is not a matter that should be handled piecemeal.

As I said earlier, Mr. Speaker, if reform is to be anything more than just a matter for discussion by members of parliament throughout the country we should examine the fundamental reasons behind each and every one of our rules. Perhaps a case can be made, as it was made in Australia, for abandoning the committee of ways and means procedure. Perhaps a case can be made for, shall I say, having a slightly more disciplined question period. Perhaps a case can also be made—I think it can—for reducing the number of members on committees, reducing the quorums, and widening the scope of the responsibilities that those committees are called upon to undertake.

In last month's issue of "Encounter" there is an article by Mr. Henry Fairlie. In it we are reminded of a phrase used by Mr. R. A. Butler—"the patience of politics". Mr. Fairlie says:

> The phrase is R. A. Butler's. It expresses, more vividly than any other single phrase, the character of politics in a free country.
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> In the politician, it demands that he should accustom himself to the inevitable fluctuations of political fortunes; that he should find defeat and failure only an invitation to renewed efforts; that he should overcome the galling frustrations of enforced idleness and opposition, and be able to look forward to ten years in the wilderness with equanimity and self-assurance.

That is something from which a good many of us would profit if we took it to heart.

> It demands that he should never try to seize imaginary initiatives or seek speedy results; that he should wait calmly for his opportunity; that he should never despair or panic.

• (3:50 p.m.)

> It demands that he should bear obloquy, misrepresentation, and injuries without complaint; that he should expect no gratitude; that he should remain silent when one word would justify him, if that word would injure his cause. Above all, it demands that he should never, whatever the provocation, cease to trust in the right instincts of a free people; that he should believe always in their ability, in the long run, to distinguish truth from falsehood, justice, from injustice, the sound from the meretricious; that he should, in this belief, patiently pursue the task of bringing different ideas and interests into contact with each other, never doubting that the arts of a free government are among the most rewarding of all the arts of a civilised people.

We have a responsibility to so enlarge the scope of this chamber and the character, if I may use that word, and attributes of its members that our people may indeed believe we are good practitioners of the art of politics.

Mr. D. R. Tolmie (Welland): Mr. Speaker, it should be recalled that the whole tenor and philosophy of the March, 1966 budget, which met with general approval, was one consistent with a burgeoning economy showing danger

signs of unrestrained growth. That anti-inflationary budget contained provisions designed to prolong prosperity without dire inflationary price spirals, exacting hardship on low and fixed income segments of our society. Among other things the moderate income tax increases on medium and upper incomes and the judicious decrease on low incomes, the elimination and postponement of certain capital projets and the progressive removal of the 11 per cent sales tax on production equipment and machinery, contributed to maintaining our spectacular boom. I felt at that time that the finance minister deserved the highest commendation for coolly and efficiently introducing a reasonable budget, with some unpalatable provisions, designed to achieve for all our citizens full employment and sustained or increased purchasing power enabling them to live in comfort and security in this prosperous land.

It has been generally conceded and the Economic Council of Canada has endorsed the view that the economy at present is rather delicately balanced. There is a strong suspicion that it is heading for a slowdown. No economist can say with exactitude the precise inclination of our economy. I suggest that the minister, with commendable alertness, has kept a constant protective vigil. Now, based on statistics and the best economic opinions available, he has introduced a realistic budget which should maintain the intricate balance between inflation and recession so essential to the material well-being of all Canadian citizens.

This budget, designed to make no radical impact on our economy, makes provision for raising sufficient funds to pay for the guaranteed income supplement for our senior citizens. Parliament, representing the wishes of the people, has provided a new revolutionary concept in the guaranteed income plan for our senior citizens. This plan without a means or needs test, as opposed to a flat increase of $25 a month, will provide some half million of Canada's old age pensioners with $60 a year more than the Conservative and N.D.P. flat rate proposal would have provided. What is most important, the guaranteed income supplement, unlike the flat $25 a month increase, is weighted in favour of those on low and modest incomes. In effect the government has not raised the pension for people in high income brackets but has provided for increases for older people who definitely need a supplement to their incomes to live in security and dignity in a land to which they have contributed so much.

These additional payments to pensioners are expected to cost the federal treasury between $260 million and $280 million. The government, after reviewing all the possibilities of raising the required funds to pay for this very necessary and worth-while plan, decided to raise the maximum amount payable by an individual by reason of the 4 per cent tax on personal income under the Old Age Security Act from $120 a year to $240 a year. This increased tax only affects those taxpayers with taxable income exceeding $3,000 after all exemptions and deductions. In effect the result is that a married taxpayer with two children will not have an increase unless he is earning more than $5,700 a year, which is well above the current national average of wage earnings. Significantly, the tax increase will not affect two thirds of our present income taxpayers. In addition, the general sales tax was increased from 11 per cent to 12 per cent, but it should be emphasized that this increase will not apply to building materials and will not affect the cost of food, fuel and services exempt from this tax.

It is self-evident that funds must be provided for this novel and enlightened guaranteed income concept, and I submit that these budget proposals achieve this as neatly and fairly as possible. Fiscal and monetary policies are for most of us lofty concepts; often they are dull and incomprehensible. These Policies are formulated by brilliant, intellectual experts with charts, computers and statistics. They are instruments to be played for our material welfare, and the tune to be produced depends on many complex and variable interlocking economic factors.

There is, however, one factor which we can all understand, the rising cost of living. Though inextricably bound with general economic conditions, living costs are amenable to diagnosis and prescriptions for at least a partial cure can be applied. Here the government can play a role. Happily it has taken a commendable step in setting up the Senate and House of Commons joint committee on consumer affairs. No one pretends that this is the complete answer to the rising cost of living as painfully revealed in high food prices, but if the consumer, which is every man, woman and child in this nation, is being unfairly exploited by dubious business practices and exorbitant profits such a committee can reveal this and suggest remedial legislation to prevent the continuance of such abuses. Frankly, I feel that the very fact our large food suppliers know their operations are subject to public scrutiny will make them loath

to pursue practices inimical to the best interests of their customers. There has been some indication that since the formation of this committee certain prices in some categories have decreased. Quite conceivably some of this decrease could be attributed to the work of the committee.

Emerging from all economic theory, one stark fact remains. Our present and future wealth and well-being depend upon our productivity and the preservation and enhancement of our national resources. My thesis is simple. All policies and factors which increase the productivity of this nation and husband and strengthen our national resources eventually add to our total economic health. Preservation of our water resources through war on pollution, the improvement of the general health of the nation through the passage of the medicare bill, more liberalized and enlightened immigration policies, social reform—all these contribute to our wealth. These influences are less easy to gauge and assess as factors affecting our affluence, but though not as discernible they are real and quietly and unobstrusively play a significant role in the improvement of our economy.

What is the point of manipulating economic levers if we neglect to preserve and increase the source of our wealth? By and large, our policies in respect of water, land, minerals and forests have been enlightened and constructive. However, one of our irreplaceable and basic resources, our water, is in jeopardy. In dire straits are our great lakes with their treasures of fish, matchless beaches and residential shores attracting millions of tourist dollars and providing rest, relaxation and peace of mind for thousands of our citizens.

What is shocking is that for years there has been a continuous insidious deterioration of these assets because of water pollution, and until quite recently few, if any, steps had been taken to prevent this vicious onslaught. In December, 1965, the International Joint Commission issued a most disturbing report on pollution in the great lakes in which it practically stated that lake Erie was fast becoming a large septic tank and an open venomous sewer. It stated that algae growths curtail commercial fishing and recreational activities, impart obnoxious odours, impair filtering operations of industrial and municipal water treatment plants, lower waterfront property values and generally threaten destruction of the lakes as a valuable water resource. Certain recommendations were made urging the Canadian and American governments, in association with state and provincial governments, to take action to ensure that industries refrain from dumping chemical wastes into our great lakes, that municipalities be forced to treat their sewage properly and that an accelerated program of research into the baffling causes of water pollution be instituted.

[Mr. Tolmie.]

• (4:00 p.m.)

It is always most difficult to get action in fields of jurisdiction divided among the United States government, the federal government, the provincial government and municipal governments and consequently there has been a welter of confusion and ambiguity as to the progress we are making in the war on pollution. In order to erase any lingering suspicion that nothing has been done by the federal government, it should be noted that among other things the following measures have been taken. At present there is a massive research program endeavouring to ascertain the baffling causes of pollution. Three important federal agencies, the Department of Energy, Mines and Resources, the Department of National Health and Welfare and the Fisheries Research Board are combining forces, with each agency contributing money and scientists to conduct special studies for which they are best qualified. For part of the program the Department of Energy, Mines and Resources has chartered the 136-foot stern trawler, *Brandel*. The department has fitted out this modern vessel as a survey and research ship and it has been working out of Kingston, Ontario. Two 30-foot launches will be employed in the national health and welfare departmental program.

Under contract with the federal government, the great lakes institute will be making co-ordinated studies in lake Ontario and lake Erie. A research laboratory on pollution will be constructed at Burlington, Ontario. Over $1.5 million was invested in this study of the lower lakes in 1966 and 90 per cent of the cost has been borne by the federal government. This investment will grow from year to year, reaching an estimated level of over $5 million by 1970.

This intensive survey program is only one facet of the total federal effort, and it is not generally recognized how large the federal government contributions have been toward the installation of sewage treatment facilities. Over $200 million has been advanced as loans by the federal government for this purpose at

a low rate of interest and with a lengthy amortization period. Over $50 million of these loans will be forgiven as part of a special arrangement for the encouragement of such construction. The federal government has also contributed through its winter works program which supports, among other projects, the installation of sewage systems and treatment plants. It is estimated, for example, that at least $17 million of federal funds has been contributed to the construction of these installations and systems in Ontario alone.

The federal government has made special concessions to assist companies to instal improved treatment facilities. The income tax regulations have been amended to permit a fast write-off of the capital cost of these installations. It should also be noted that the Department of Energy, Mines and Resources has been reorganized so that one special branch will have jurisdiction over water pollution. In addition, the council of federal and provincial resource officials is constantly studying this problem and they will shortly make recommendations to their respective governments. I mention these steps to indicate that the government has not by any means been indifferent to the menace of water pollution. However, in my opinion the situation is now so serious that even greater efforts must be made. A veritable crash program is required immediately if we are going to preserve this most prized national resource.

One of our greatest resources, of course, is the number and quality of our people, and our immigration policies have a tremendous impact upon our future growth and prosperity. The government has indicated in its white paper on immigration that it proposes to implement a more liberal immigration policy consistent with the needs and demands of a young and growing country. Personally, I favour a broad, liberalized immigration policy based not only on the economic advantages but for social and humanitarian reasons. Skilled manpower is urgently needed at the present time. Expanding industry is pleading not only for skilled tradesmen but for unskilled workers who can be trained. If we are to sustain our economic expansion, if we are going to push ahead to new frontiers, if we are going to realize the potential explosive power of this lusty giant which is only barely flexing its biceps, if we are to realize our manifest destiny of becoming one of the richest nations on earth, if we ever hope to decrease our dependency on the United States and avoid a satellite status vis-à-vis that country, then we must encourage the regulated flow of new Canadians to this country, who in turn are producers and consumers alike.

We have water in abundance, minerals, lumber, oil and farmlands. The only resource not in ample supply is people. To cite an example, does it not seem incongruous in a new and developing nation at this time in our history when one realizes that instead of considering additional rail transportation across this land one transcontinental train was cancelled because allegedly there were not enough people to use it? With more people we could not only have presented the cancellation of the "Dominion," with all the attendant inconvenience and hardship, but the annual C.N.R. debt, running into the millions, could be reduced. We must welcome these people as Canadians have always welcomed new immigrants. We need their skills, their know-how, their enthusiasm. We need their purchasing power and their consuming power. We need all the positive things they can contribute.

This does not mean we open our portals wide and encourage an uncontrolled influx beyond our national capacity to absorb. We must be sure that we do not allow our immigration policies to impose added burdens on our unemployment situation, our housing or our social welfare facilities. I believe that we must welcome these people for other reasons less selfish, less pragmatic and less definable. We have a gigantic country beckoning for people to fill it, tremendous expanses untouched, soil to be tilled, minerals to be mined. We must welcome people because we have a wonderful country and a splendid way of life which we should share with those less fortunate. We have a duty to mankind to embrace other peoples of the world and allow them to share with us the opportunities and promise this happy land provides. My riding is a good example of an area where people from all races have mingled and enriched each other with their respective customs and cultures. This all makes an interesting and refreshing mosaic of life and adds vibrancy and colour to any community. This same dynamic pattern of growth can be emulated throughout Canada, adding sparkle and zest to our national life.

The most crucial factor in productivity is, of course, the industry, talents and efficient output of our people. The added energy and drive of a well adjusted, happy people, unhampered by nagging social and domestic problems, can add immeasurably to our total

wealth as this increased unleashed productive capacity is infused into our national economy. Apart from all humanitarian considerations, reforms in many spheres can improve the vitality of this young nation.

This government has provided a glittering array of social welfare programs, unsurpassed in our parliamentary history. I feel that as we enter our centennial year there should be a shifting of emphasis to social reforms which not only would relieve abuses, inequities and human misery and could be effected without plundering the treasury but would, in relevance to a budget debate, strengthen the economic sinews of this nation. We have made a good start. The introduction of medicare will eventually ensure, through the improved health of our nation, a continued and more rapid exploitation of our full productive capacities. We are in effect husbanding and fostering the growth of our greatest national resource, the health of our people.

Highway accidents exact a staggering financial toll. The curtailment of this wanton destruction of life and property is a most direct way to contribute significantly to our material well-being. I strongly advocate, as one way to fight this plague on the national level, the introduction of a national safety code making it mandatory for automobile companies to instal certain minimum safety features in all automobiles built or sold in Canada. I admit that there are inherent constitutional problems involved but I submit that they can be circumvented, and in the national interest this type of legislation should not be delayed.

• (4:10 p.m.)

Our divorce laws are generally conceded to be savage, unrealistic, archaic, completely inconsistent with prevailing philosophies and crying out desperately for change. As a lawyer I have seen the human misery and degradation caused by cruel divorce laws. As a member of parliament I have received more poignant, pitiful and heartrending pleas for changes in this domestic field than in any other sphere of human relations. In a civilized country which prides itself on its enlightened views on the great social questions of the day, this cancer has been allowed to grow and thrive for a hundred years of our history, gnawing at the very vitals of our social fabric.

At least this government, for the first time in the history of the country, appointed a joint committee of the house and Senate to investigate divorce reform, and it is painfully probing this pathetic picture of human misery. Frankly, I think it is time we got a recommendation from that committee, and then the government should take immediate action and bring about a realistic broadening of the grounds for divorce consistent with our existing domestic realities and attitudes. I would like to see divorce reform passed during our centennial session because 1967 could be a commemorative year signalling the end of 100 years of human bondage. I can think of no more worth-while centennial project for our centennial session. Relevant to a budget debate, the peace of mind, the renewed interest in life and the happier social adjustment afforded by divorce reform would release a well of human energy, long stultified and dormant, which would pour forth into our life stream, adding renewed vigour and strength to our entire nation.

A genuine attack on hate literature, which demoralizes and saps the will and strength of many segments of our society, would, by dissipating neuroses and anxieties, again release latent energies which could add strength and vitality to our national economic life. A joint Senate and House of Commons committee is studying the question of hate literature and I would hope that an early report will recommend effective action against this concealed, insidious but nonetheless devasting social disease.

In summary I say this. We have the economic weapons to promote material well-being—a consumer committee, fiscal and monetary policies as enunciated in our budget—but we must keep constantly in mind one salient fact, that our real wealth resides in the natural resources of this land and the energies of our people. In this our centennial year, by social reforms based on humanitarian concepts and social justice, we must also release the explosive energies and talents of our people to their fullest potential. In this way and in this way only will we ensure lasting prosperity.

In this our centennial year we should give prayerful thanks for the rich blessings of this gracious and bountiful land, but should be ever mindful of the needs of every segment of our society and must ensure that all of our people share fairly in the almost limitless largesse of this proud nation. On our one hundredth birthday a dazzling vista of golden opportunities unfolds before us. A much blessed nation, proud, and master of its own destiny, with eager hope peers ahead into a

warm, bright and glowing future. How fortunate we are today to share in this great dream.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, I represent the great agricultural district of Athabasca and in the short time at my disposal I want to repeat a warning to this house and to the government in particular that agriculture will remain the backbone of Canada as long as we have a country. There are a great many experts in agriculture today, even in the farm unions, who are giving up hope of retaining the family farm. Sometimes through lack of vision and leadership the government finds it is necessary to impose quotas and hold prices down, rather than up, because a support price at a low level across the board can tend to force farmers to enlarge their farms and increase their production in the vain hope of closing the cost-price gap. I take an entirely different view.

I think that if we concentrate on markets, principally markets abroad, and instead of asking farmers to increase their acreage and buy out their neighbours, ask them to become efficient on their own small acreage, these are the only answers to the problem of maintaining a large and happy rural life in Canada.

The small farms in Quebec, the maritimes and Ontario are being harder hit now than ever before. They are no longer able to compete in the labour market for skilled operators of machinery, especially since farm labourers are not covered by unemployment insurance. On two occasions we have introduced private bills dealing with this problem but have had no success in having it rectified by the government.

The small family farm cannot operate without help. The young people who are expected to stay at home seek, if not direct wages, that the family farm be put on a paying basis. I am not one to get up and criticize government policies without making specific suggestions. I have made some previously and I do not hesitate to do so again.

I believe we are ignoring a tremendous market for meat products, particularly in Asia. When it was difficult to sell Asians our grain because they said they did not have the money, we decided to sell them grain on a time basis and by doing so we opened up a whole new vista for agriculture in western Canada which had the grain to sell. So far we have not even explored the possibility of selling meat products to Asia. The purchasing power of Asian countries is low. They do not have American dollars and are forced to buy from us with sterling. Our job should be to consult with financial experts and find some way to give purchasing power to Asia. On this narrow issue hangs the whole future not only of the agricultural industry of Canada but possibly of the peace of the world.

We should send trade missions not only to Asia but to every other corner of the world and find out intelligently what the rest of the world wants that we can produce. Canada is one of the few countries left in the world with virgin land. We can still plow new land in Canada. Most of the old countries of the world, particularly the over-populated ones, have worn-out soil. But in Canada we still have new land, and in western Canada new potash deposits are being developed.

Certainly Asia and the underdeveloped countries of the world cannot pay for many of our products, but we shall have to find some way of financing purchases for them. When we go abroad to sell a product such as potash we should use the combined brains of a number of industries. From the point of view of being able to sell pork to China, have we considered the possibility of renovating old steel drums from the oil industry, which are no longer capable of carrying high naphtha products but are still capable of being used for the shipment of products like canned meat and fruit? We might line the barrels with an inch or two of petroleum wax. Backward countries do not yet have electricity and in a place like China the people could convert the barrel linings into candles. We could ship our meat in steel, aluminum or plastic pails. The peasant people of Asia could use the pails for irrigation purposes or for household needs and thus we could sell them two products in one.

• (4:20 p.m.)

I know that the price of pork or any other meat or fruit product when shipped across the Pacific is likely to be prohibitive unless we employ all our know-how in providing proper containers for the food when it is being sent there. By this means we will be able to help them increase their standard of living and thus help them get on their feet so that they can afford the high standard of living to which they are as much entitled as we are.

The former administration took up this matter very seriously. The idea was not received with deaf ears on the part of the government headed by the then prime minister and so ably assisted by the hon. member

for Northumberland (Mr. Hees) in the Department of Trade and Commerce. There was a deficit of several hundred million dollars in 1956-57 but when we left office we had a favourable trade balance of $1,300 million. I note with some horror that we have now slipped back to a position even worse than that in which we were in 1957. The estimated trade deficit this year is approximately $2 billion, or three times as high as it was in 1957. This is not wholly the fault of any one department.

I suggest that in 1967 at least those people who are making money and are able to balance their own budgets should think about staying at home and spending here the $800 million or $900 million currently being spent abroad. Let us make our centennial year a successful one financially. We can do this simply by staying home and spending this $1 billion here. This would cut our deficit in half. In order to buy Canada back let us buy Canadian products. I shall not speak of tax incentives for they are there already. The Canadian people should wake up to the fact that it pays to invest in Canada. If they would do this and take advantage of the existing tax incentives we could reduce the unfavourable balance of trade still further.

I suggest to the Department of Trade and Commerce that as a publicity stunt they might mark clearly all Canadian products which are produced by Canadian owned corporations. The percentage to which these companies are Canadian owned could be marked on the cans containing their products. This could be done by using coloured bands. By the size of the maple leaf and the colour of the band on the can, one would know the extent to which the product was Canadian when buying it in a store. In the affluent society of which we are so proud we should make sure that a very large percentage of the money we spend remains at home. A sensible way in which to buy Canada back is to buy things made in Canada. We cannot afford to make things in Canada unless we buy them when they are made.

I think that the subject of taxation is a good place to bring up a favourite suggestion of mine again. I have in mind the problem of double taxation. In the somewhat tax free province of Alberta one pays as much as $600 or $700 a year in taxes on an ordinary six-room house. There is no exemption whatsoever from income tax in this respect. In the United States mortgage payments are deleted from taxable income. I suggest that we might take a lead in this regard from our great neighbour to the south and do away with what I call double taxation as applied to householders. The whole burden of education is carried by those who own their own homes or, worse still, by those who are trying to buy their own homes under one of the existing mortgage plans. This is unfair. It is inequitable and actually it makes the purchase of a new home at present prices almost an impossibility for the average wage earner.

I think that centennial year would be a good time to set up the Indian claims commission. This is something which has been promised ever since the treaties were signed. If the Indian claims commission were established, the Indians would have a forum in which to air their complaints. The Indian claims commission could decide once and for all whether or not we have kept the treaties with the Indians. Perhaps it would be able to determine whether or not the twentieth century interpretation we have made of these treaties is an adequate one.

Those who are our first citizens should be given their proper place in this country. I notice with some satisfaction that the efforts made particularly by the hon. member for Vegreville (Mr. Fane) have borne fruit. The Indian reserves at Saddle Lake and Goodfish Lake are getting electrification. They have waited a long time for this. I congratulate anyone who has had anything to do with this. In this twentieth century the Indian people are just as entitled to the amenities of life as we are. Now they will be able to wash their clothes, light their homes, study and enjoy themselves.

For too long a time the Indian affairs branch has taken a paternalistic attitude toward the Indian people. I suggest that the sooner we fill the Indian affairs branch either with Indians or with persons who have a first hand working knowledge of Indian problems, the sooner we will be able to improve the lot of the Indians. There is no point in educating one Indian and then sending him back to the reserve to become submerged in the hopeless task of trying to raise the standard of living of the people there. We must direct a mass attack on the Indian problem. As I say, we will accomplish nothing until the initiative which the Indians have to a marked degree is encouraged to the point where they can be put in charge of their own affairs. I have seen drafts of one or two of the bills to set up this commission. One of the proposals is that the Indian appointees on the commission could be

removed at the whim of the government. In one case it was suggested that this could be done by a joint order by the two houses of parliament. I do not care from whom the orders come. The Indian appointees to the commission must be responsible to the Indian people and to the Indian people alone; otherwise it would be better not to have any such commission because it would not be respected by the Indians. It would be something which would drive the Indians farther back rather than bring them ahead.

I am pleased also that something is being done about housing. There is no point in building shells of houses on Indian reserves and then expecting the Indians to finish them. The houses which are built for the Indians should be ready to be occupied. They should be equipped with proper doors, windows, heating equipment and everything else that is necessary so they can live in the extreme climate in which most Indian people live. It is absolutely a waste of time and money to build a shell of a house in which these people have to sleep on the floor. If these houses are not warm and comfortable the Indian people will not sleep in them. They will move back to the tent which has been the Indian's home for generations and they will keep themselves warm in the manner to which they have become accustomed for thousands of years. They will live in these tents and rip the lath off the walls and the shingles off the roofs of the houses so they will have firewood to keep themselves warm. Where the Indian people have had a chance they have measured up in every way to their brethren of European origin.

• (4:30 p.m.)

We have just passed the omnibus transportation bill which portends strange things for the future of railroading. Let me refer again to the vision of the former administration which built lines such as the one to Thompson in northern Manitoba and the Pine Point line in the Northwest Territories. I never thought this was a gamble, as did some others, and it has paid off magnificently. Instead of busily considering where lines should be abandoned we should be considering where new ones may be built.

I have in my hand a map indicating proposed rail line abandonments. One need only look at it to see the great need for railway facilities in certain areas. Let me remind the house again of a promise made by many governments to the people of northwestern Saskatchewan and northeastern Alberta. They were promised a rational railroad system in order to move their agricultural products to market and bring in farm machinery, building materials and fuel. They feel, and rightly so, that they are paying exorbitant freight rates.

As an example of the situation let me refer specifically to the 38-mile gap in the rail line between Lindbergh, Heinsburg and Frenchman Butte, Saskatchewan. If that gap were filled 328 miles could be cut from the round trip between Heinsburg and Saskatoon. I brought this situation to the attention of the house before I had been a member of parliament for a month. I brought it to the attention of the railway experts in Montreal. They indicated they had no intention of completing this line unless I could show them how they could make money. They suggested that money could not be made because there was not a sufficient amount of freight to be hauled. They also indicated to me that they received additional money because of hauling freight the extra 328 miles. By the closing of this gap the farmers of that area would save a great deal of money. It would also effect a saving because boxcars would no longer have to be shunted in Edmonton at a cost of $11.70 per car. The railway indicated that was the cost some nine years ago and I am sure it has not gone down since.

The former administration took a step in the right direction a few years ago when the two rail lines to which I referred were built. That was an experiment which paid dividends. I see no reason why the building of other new lines would not have the same result.

There are tremendous deposits of natural resources in that area. Several years ago I indicated to hon. members that there is enough salt under the prairie lands around Lindbergh to last the human race for 1,000 years. I am glad to see that no one in the house is roaring with laughter over that statement. There is a vast vein of salt, of the table variety, in that area. It is believed to be from 88 to 250 feet deep and stretches for 350 miles. It encompasses an area about the size of Ireland.

In the area where the Peace river runs through the south end of Wood Buffalo Park there is a cliff of solid crystal gypsum. It is 100 feet high and stretches for approximately 17 miles. No one knows how far back it

reaches. No one is particularly worried because there is enough gypsum in that cliff to fulfil construction requirements to rebuild every building in the world without even scratching the surface of that deposit.

In spite of all these natural resources our railway experts sit in Montreal biting their nails trying to balance their budgets. I suggest they cannot balance their budgets because they are lacking vision, guts and imagination. These experts should have some of the courage and imagination which brought people to these areas of our country. These people still hope that some day we in Ottawa will wake up and fulfil the promises made when they moved to these areas.

Nine years ago I promised these people that if the government would not complete this 38 miles of line I would go out and build it myself. I hope I will not have to leave this place to do so but I am a man of my word and I intend to hammer at the government until something is done. If the present government will not keep this promise I shall work harder to put the previous administration back in office. I am sure such an administration would do something about this situation rather than spending its time with the railway experts worrying about which lines should be abandoned.

Over a period of six years I have been talking about building a dirt road to McMurray. Both the provincial and federal authorities have said that the road cannot be built economically because there are not enough people in the area. However, when Sun Oil of Pennsylvania decided to develop the tar sands and spent $69 million on a pilot plant someone decided there were resources in northeastern Alberta and built a road.

The young people of this country are beginning to think we in Ottawa are nothing but a bunch of old fogies who spend our time fighting each other, looking for scandal and running each other down. They say that if they were in Ottawa things would be different. We are busily training these young people to think. It is a dangerous experiment if we think we can sit here and keep them out of public life. The way the red guard is acting in China is nothing compared to what will happen here unless we smarten up, and I do not think our young people will give us 20 years to do so. They want action and they want it now. If we are to provide free education we had better provide also work and opportunity. If we do so I am sure we will not have to worry about a brain drain to the south. Great opportunities exist in Canada but our young people are not getting the advantage of them. This is our fault. It is the fault of those who were frightened by the depression as a result of which they lost their vision. If that vision has not been lost it has been seriously dimmed in the last five years.

• (4:40 p.m.)

I was proud to be a member of parliament nine years ago and I am still proud to be a member of parliament but, like my friend who just spoke, I want to know when we are going to give up the dull habit of arguing and go back to the old habit of acting. I think that 1967 would be a very good year in which to act at least as much as we talk. If the government is short of ideas, I and others on this side of the house have them. If the administration is tired and has lost its vision, let it not worry. Hon. members on the government side said ten years ago that we could not form a government which would accomplish things, but we did.

I close my remarks by reminding the house again of the three figures which I think are significant. I believe they should be a warning to the present administration. If in five short years we were able to change a deficit of $700 million a year to a figure of $1,300 million on the blue side of the ledger, we can do it again. I admit that the job will be three times as hard because now we are $2 billion behind. However, we on this side of the house have men who know how to do it and who have had some practice. They did it once and they can do it again.

I do not necessarily want to wait for an election. Perhaps it will not come for a year or two because the government is being well supported by hon. members on my extreme left. So I beg the present government to start acting now. If it is too tired, we are willing to take over any time; if it is not too tired then let us have a few results. If it does not have ideas itself, let it ask us. Let us have a parliamentary committee working with dedication, and I do not mean the kind of dedication which is found in history books; I mean the kind of dedication which ends up on the blue side of the ledger in the bank. This is the only kind that has any real appeal for the people of this nation who are becoming very restless indeed.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, the mini-budget debate we are continuing

today proves to us once again that the government is unable to administer the country adequately and democratically, according to the wishes of Canadian taxpayers; otherwise, the Minister of Finance (Mr. Sharp) would not have had to bring down this so-called baby budget which will be fraught with consequences for the Canadian taxpayers.

The Minister of Finance does not seem to realize that the heaviest burden of the government rests on his own shoulders; as a matter of fact, he has to face problems which are all the more serious as he is attempting to carry out his duties in a modern age with antiquated, obsolete and out-of-date methods.

The government is aware that older people, for instance, need more income in order to meet the steadily increasing cost of living. After numerous pressures from all quarters, the Minister of National Health and Welfare (Mr. MacEachen) agreed to increase the old age security pension, but one soon realizes that the purchasing power of those people will in no way increase when all the taxes announced in the present budget will come into effect. As a matter of fact, not only will the old people not get more goods and services and not be paid more than before but the purchasing power of all the others will also be reduced because of higher taxes.

The minister and his parliamentary secretary have tried and are still trying to convince the people that in order to make some under-privileged classes a little more affluent, a little more must be taken away from the workers, those who toil, those who transform and develop the country. That is unfair, in my opinion, because I know that what the older people were asking for was economic freedom, the freedom to choose the things they need to live decently the remainder of their lives.

We are capable of supplying the elderly with all they need without depriving any member of the Canadian community. The old people mainly require food, lodging, clothing, medical care and recreation, goods and services which we can produce and supply in abundance without depriving anyone.

Why then, must we deprive younger men and women through taxes in order to provide for our senior citizens? Why not simply lay down an up-to-date accounting system that would truly reflect the actual wealth of the country? Earthly goods were created to meet the physical needs of the whole human race, not only for the few or for certain classes of people. All need not enjoy the same degree of prosperity but all should at least be able to satisfy their basic needs. The means and methods of acquiring wealth are legitimate inasmuch as they are organized to this end. They are evil or distorted to the extent that they defeat this purpose. We know that Providence has placed upon this earth, especially perhaps in Canada, in one form or another, all that is required, with man's co-operation and, naturally, with an adequate social structure, to meet the essential needs of all human beings. The old people as well as Canadian families still have unsatisfied needs. As a result of the constant increase in the cost of living, the average income is inadequate to provide a decent standard of living.

And what about those with a low income or no income at all? They are dispossessed in the midst of plenty; they are dispossessed in the midst of undeveloped natural resources which we fail to transform into natural wealth.

• (4:50 p.m.)

Mr. Speaker, it is obvious that the government can no longer govern according to the wishes of our society. But we are organized into a society and every well-organized society exists for the benefit and welfare of its members.

But because of an out-dated, obsolete economic system, many members of our society do not benefit from the advantages our Canadian society has to offer. Can we blame our methods of production, our industrialists, our farmers, our workers, our transport services, our teaching and health services? Not at all.

The whole problem lies in our distribution system. Available goods and services do not meet the needs of the members of our society. That is why everything goes wrong. That is why there is so much discontent and so many strikes of all kinds. That is the reason for so much undue hardship and for the imbalance in our distribution system. It does not serve its purpose.

Our economic system is not social, it does not allow each and every member of our society to enjoy the earthly goods provided for their welfare. According to the very words of His Holiness Pope Pius XI:

> For then only will the economic and social organism be soundly established and attain its end when it secures for all and each those goods which the wealth and resources of nature, technical achievements and the social organization of economic affairs can give.

And he adds, still in the encyclical *Quadragesimo Anno*:

> These goods should be sufficient to supply all needs and an honest livelihood and to uplift men to that higher level of prosperity and culture which, provided it be used with prudence, is not only no hindrance but is of singular help to virtue.

Then, it is recognized everywhere—at least I hope so—that production will attain its end only when it reaches the consumers, all consumers, and we must not stop or slow down the production of goods and services until all the needs of every member of our Canadian community have been met.

If the government keeps on operating through loans at the pace we have known since confederation, we shall never be able to celebrate our second centennial. If the government continues to tax the small wage earners, the poor, the have-nots, in order to give them a hand-out in social welfare from time to time, before 25 years we will live under a system of state socialism.

And to all those who would like to depend upon the state to fully ensure their wealth or their goods, I say that they would be well advised to consider the fate of our Indians in Canada. When we see how the government is managing the assets of the Indians, we are not inclined to try it out.

The system of private property and free enterprise has been able to supply goods and services in abundance. It is our responsibility to see that those goods and services attain their end, consumption.

To do that, it is necessary to have a modern economic system which meets the needs of our time. If our present economic system leads us to constant indebtedness, to the loss of private property, let us change it and follow the monetary system based upon the real value of our production and our productivity.

Let us adopt a monetary system that will allow a profit on production, although the ultimate objective of production should not be profit, but the fulfilment of man's needs. Profit is a tried and true incentive. Removal of this incentive altogether would jeopardize the output and would thus hurt consumers by forcing hardship upon them.

We need a system capable of maintaining the profit incentive and ensuring, at the same time, an adequate sharing and distribution of goods and services produced, thus serving the interests of both producers and consumers.

Only the Créditistes are proposing such a system and have been doing so for a long time. As a matter of fact, it was submitted to this house when I was only 10 years old. At that time, right in the middle of the depression, the social credit proposals were laughed at and Canadians were starving from coast to coast in the midst of plenty. People were starving while food was destroyed and production stopped. The Créditistes continued to advocate their monetary system during the war; however, our war effort was not financed by social credit but by social debit, so that at the end of the war we had a debt of $18 billion.

The Créditistes continued to ask for a monetary reform. They were still laughed at. But although this is peacetime, we have a deficit of $27 billion. And that is not the end. The minister keeps on borrowing more, mortgaging our future even more. He keeps on taxing Canadians, dispossessing them even more to the benefit of high finance.

My colleague the hon. member for Villeneuve (Mr. Caouette) puts it very well when he says:

> The big ones grow bigger in smaller number and the small ones get smaller in larger number.

That is the result of a debt money system, a false system.

Money and credit being a title and a call to production of any kind, the total amount of money and credit to be applied to production must be truly proportional to the volume and price of the total production realized or realizable on demand. That is why Social Credit feels that money is based on all the production existing or immediately possible, meeting the needs of the consumers and not on the selfish motives of some profiteers, such as the private controllers of money and credit.

Since, in modern society, you can have goods and services only if you can pay for them, then all members of society must have a minimum amount of money in order to get a minimum amount of goods and services.

Nowadays, money is obtained through salaries, dividends, social security measures and inheritances. This distribution does not, as we know, affect all members of society; therefore, another way must be found to guarantee each member of society a share of the goods offered.

This is one of the reasons why the Créditistes advocate the payment of periodical dividends to everyone from the time he is born until he dies. Many problems, today more than ever, stem from the fact that salaries do not give workers the purchasing power

necessary to buy the necessities of life for their families and themselves, and this brings about repeated demands for higher wages and a whole series of strikes. But each wage increase is accompanied by an increase in the price of goods, new taxes on production and sales, which are added to the price of the goods. Wages, therefore, can never keep up with prices and, as a result, we always have this inadequate purchasing power. The Social Credit answer to this problem is the national dividend, which would increase purchasing power without affecting production costs, and the compensated discount which lowers prices without prejudice to manufacturers. This would supplement the income of consumers and enable them to purchase the goods they want.

With modern production techniques, automation as we call it, we no longer have to fear a dearth of goods, unless we really want it that way. It is becoming easier all the time to produce with less work, and this production must be brought within the reach of consumers. The only way to do this is to give them adequate purchasing power.

Economists, businessmen and labour leaders now admit what we have been advocating all along. Mr. Robert Theobald, a British economist with the United States government, says that we must separate the concept of work from that of remuneration, adding that each citizen should, as a matter of admitted and constitutional right, be assured of a minimum income during his whole life.

I should like to quote Mr. J. Fenwick, vice-president of O.F.L., who said:

> Automation endangers our traditional concept of a salary as remuneration for work. A new means to distribute purchasing power must be found.

May I also quote Mr. Gilles Endicott, director of research with the United Packinghouse Workers Union. According to Mr. Endicott:

> Automation requires that we change our fundamental notion that wages must correspond to the work accomplished. However revolutionary this may seem, and even though it is contrary to the Calvinist moral code, we have accepted the principle that income should not necessarily be related to work.

Such statements confirm what we have been advocating. Since production is made easier through automation, we should adjust our financial system to achieve maximum production and consumption. We cannot do more and we should not do less.

We cannot and should not shirk progress which frees man from labour. There is obviously only one solution to the problem. If we want to keep the machines, we must develop a method whereby workers will be paid for the work performed in their stead by machines.

Income should be determined by the amount of wealth produced and not by the amount of work done. To distribute unpurchased wealth, we advocate the establishment of a national dividend, so that this wealth surplus can be distributed.

The establishment of a national dividend is not only feasible, it is justified from a moral point of view: it is required by justice. The increase in wealth resulting from a common effort represents collective and not individual earnings. This increased value due to a collective effort through automation and development of nuclear energy today fills up our store-houses to full capacity and it is the result of individual independence and skilfulness.

In the remote past, man worked alone, he was independent of his fellow-men, but he did not produce much. When he came out of his isolation, his production increased, but at the expense of his independence. When he tilled his own land, raised his own sheep, weaved his own fabric, he was a workingman independent of his fellow-men. But when he was torn away from his land to be assigned to special tasks and closely connected with his fellow-men, he had to give up his independence. He took to shoemaking perhaps, but others were weaving for him, tilling the soil for him. He no longer could be self-sustaining. His production capacity increased but he was just as poor as before. All he was getting—I am referring to workers in general—was a living allowance. The first theft was perpetrated at that time.

However, when the advent of the machine age reduced his work to the 20th part of a pair of shoes, he lost both his ability as a craftsman and his self-reliance. All he kept was his livelihood. Although his production kept on increasing afterwards, his livelihood, and nothing more, remained his sole reward. Uneasiness increased along with theft. And finally, when machines reached a state of perfection, and automation made its appearance, man had lost everything: independence, manual skill and his livelihood. He had to accept hand-outs and the theft was consummated.

• (5:00 p.m.)

This surplus of wealth is a collective inheritance after all. It does not belong to anybody in particular. It results from life in society and it depends upon it.

The national dividend is an alternative to sabotage. It eliminates vexation, disarms the social rebel and brings class struggle to an end. It provides encouragement to collective work and fosters social fellowship. It enables us to foresee a huge growth of our basic liberties for the future, crowning political liberty with labour liberty.

The dividend makes a free man of every individual. It frees the manufacturer of his chains by bringing him customers, by sparing him the alternative of official control which threatens him and subordinates the superior mind to the domination of an inferior mind. It does away with the obstacles to innovation in techniques and equipment, and encourages the invention of organization.

The national dividend gives freedom as well as security. It spares us the danger of an acquisitive society.

Mr. Speaker, to allow the distribution of our wealth, our monetary system must of necessity be reformed, and the reform must go much further than substituting nickel coins for silver coins.

Thanks to a distributive rather than restrictive economy, the position of minister of trade and commerce will be far more pleasant, since it will enable the government to guarantee every citizen's security without tampering with anyone's freedom.

[*English*]

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I am prompted to enter the budget debate because of the remarks earlier this afternoon by the hon. member for Royal (Mr. Fairweather), who dealt with the rules of the House of Commons and some of the efforts that the house has been making to reform those rules.

The budget debate provides us with wide scope, perhaps almost as wide as that provided by the speech from the throne. It is also fitting that at this time a member of the House of Commons should choose to discuss the rules of the house, for it is only by amending our rules and modernizing them to meet the needs of a modern world that we are able to examine the accounts of government and the taxes of the people which are applied to pay those accounts. Therefore a discussion this afternoon of the rules, which was so ably introduced by the hon. member for Royal, is very fitting and I should like to add some suggestions of my own, if I may.

In the course of his remarks the hon. member made some very significant comments about the rules of the early days and the amendments which were made to the British rules at the time of the Irish troubles and the Parnell incident. At the risk of repeating some of the points he made on that subject I wish to emphasize what is an important phase in the history of the rules of our House of Commons as well as the British rules from which our rules have evolved.

In 1867 we in this house inherited the rules of the British House of Commons of that day. They were rules which were fitted to the easy pace of the Victorian era and at that time served them very well. These rules, with some amendments, became the rules of the Canadian House of Commons. The British then moved from 1867 into the era of the Irish troubles, during which the British House of Commons was brought to its knees by filibustering and a performance which verged upon bloodshed on the floor of the house. At that time men behaved in a way in which men had perhaps never before behaved in an English speaking House of Commons.

When one reads the record of the Parnell incident and the assault which was made on the rules of the house of that day, one finds that the debates certainly exceeded in violence the pipe line debate which took place in this house, and the British House of Commons was shocked into reforming its own rules, particularly in respect of closure and the guillotine, reforms which went far beyond those that we have come to adopt and apply in this house, even to this day. Following the reformation of the rules in Great Britain the Commonwealth of Australia inherited the post-Irish trouble rules adopted by the British House of Commons. So there were in the old dominions three sets of rules which governed our respective Houses of Commons. In Canada we had the old pre-Parnell rules, the rules of the leisurely Victorian period. Then there were the rules of the British house, much more modernized as a result of those incidents and speeding up the work of the House of Commons of that day. Then there were the Australian rules which over a period have been considerably revised and are patterned along very advanced and modernistic lines compared with the other legislatures of the old dominions.

In looking at the old dominions today, Mr. Speaker, we in Canada find ourselves the custodians of the most antique set of rules of all. Therefore any discussion of how to improve these rules in a way which will assist us to understand such problems as the Minister of Finance (Mr. Sharp) brings before the house in the presentation of his budget and to deal with the matter of supply is indeed appropriate at this time.

We cannot consider any debate on the budget without also considering what the budget is to do. The purpose of the budget is to raise taxes from the people in order to meet the government's financial needs or its supply. Supply comprises a great deal of the subject matter of debate on this floor, and much of the work of committees. It entails an increasing task for all committees of the house. They measure what the government has done in all its departments, review their proposed spending and make an intelligent assessment of it.

• (5:10 p.m.)

We are governed by three principles in handling the money which the government receives from taxation of the people. Those three principles are, first, that no tax shall be levied without the approval of parliament. This is the purpose of a budget and the budget resolutions. Second, money cannot be spent without the approval of parliament. This, of course, is done through the estimates which are brought down early in the year and presented to us to be reviewed. Third, all accounts of the government shall be audited by parliament's own auditor and his report must be tabled in the house. We have a body known as the public accounts committee to which those accounts are referred. The report of the Auditor General reveals how many horses are on the payroll, how many streams flow through the printing bureau, or how many contracts have cost two or three times what they should have cost when the tenders were let.

Those are the three ways in which we in the House of Commons control income and outgo. I want to discuss each of them in the light of amendments to the rules and the provisional rules under which we now operate. This year we have an interim or second budget in the course of a single year. I recall some remarks of the minister not long ago when he said that perhaps we should be reviewing the fiscal needs of the country more frequently than once a year and should be examining two budgets a year. In reviewing the current budget one wonders whether we should not adopt the practice of having a major budget in the spring of the year to review the economic picture and an adjusting budget six months later to make those adjustments deemed necessary in the light of the economic conditions of that time. In Canada we are beginning to control our economic affairs on a basis which has taken many of the peaks and hollows out of the economy and is providing a much steadier flow to the economy than we formerly had. We should perhaps be looking to a House of Commons before which two budgets are presented, a major budget and an adjusting budget after a six-month interval.

I wonder whether more could not be done to test tax ideas in committees of the House of Commons. For the most part the budget remains a mystery to us. We sit here listening to the minister uttering the preliminary paragraph of his budget and wonder what he will reveal to us as a tax pattern. The budget has always been a carefully guarded secret and it is always difficult for a backbencher to know what form taxation will take. The backbencher feels he may not have much to do with taxation. He must wait to learn what is in the budget and the minister's budget resolutions. I wonder, for instance, whether it would not be possible to present white papers from time to time on the subject of taxation setting forth, let us say, two or three systems of taxation. Such a white paper could be examined by the committee on finance, trade and economic affairs or by a special committee of the house.

When the long-awaited Carter report comes before us I think we should have an opportunity to review a number of alternative methods of taxation. Members of the House of Commons not sitting on the government or treasury benches should have opportunities to make recommendations to the government and to the Minister of Finance in respect of tax systems. I think that we in the House of Commons lack a regular opportunity to make recommendations to the Minister of Finance in respect of tax systems.

With regard to the estimates, we have improved our committee system by forming 21 standing committees roughly paralleling each department of government to give the estimates that detailed examination which we attempt to give them on the floor of the house, but always fail to do so. Over the course of the last year there were more than

300 committee meetings for the examination of estimates, more time than has ever before been devoted to this purpose. Hon. members had opportunities to ask detailed questions of senior officials of the civil service in respect of their own regions and constituencies. It was a feast of examination. It was good not only for hon. members, who had an opportunity never available on the floor of the house to examine the estimates in detail and to understand problems, but also for the civil service. It had a salutary effect on that body whose officials had an opportunity to come before many of these committees and present their ideas to members of the house. These officials took pride in what they were attempting to do and in the services of their departments. It was a worthwhile experience for all of us, one which members on both sides of the house would agree was desirable and not one from which we would wish to retreat.

The hon. member for Royal said that he felt there were too many standing committees and that their number should be reduced to 15, I believe. I am not sure that a reduction of the number of standing committees from 21 to 15 would be an improvement. It might be wiser to wait a little longer to test the present system and provide an opportunity to fit it into our method of working before deciding to reduce the number of committees to 15 or to some other number. After all, the 21 standing committees roughly parallel each department of government. As they stand they provide an effective means of examining estimates in detail, as we found last year. I suggest that we exercise a little caution before deciding we want fewer committees or more committees. We cannot judge precisely at this time whether 21 committees do or do not satisfy our needs.

I think it would be better to have smaller quorums, but even this is a difficult question to decide. We are a multi-party house and as nearly as possible proportionate representation on committees is given to all parties in the house. At the same time I think the introduction of the rule permitting members generally to go to committees and ask questions about matters in which they are interested has done much to provide opportunities for examination of the estimates. As long as this rule exists perhaps it is possible to reduce quorums to nine, let us say.

● (5:20 p.m.)

With respect to the examination of estimates I wonder what we are going to do about a situation such as developed in the broadcasting committee. It began examination of the C.B.C. estimates last year, got stuck on one estimate and became involved in a special investigation that is still continuing. I think we will have to come to some kind of subcommittee system in which we are able to split the work of a committee when we find that some item of the estimates is expanding into a special investigation. We can never complete examination of the estimates and return them to parliament if committees are held up by a matter such as that involving the C.B.C. which was presented to the committee reviewing its estimates last year. Therefore I believe we are ready for experimentation in the field of striking subcommittees from time to time to examine some aspects of estimates as they move through committees.

In recent months a number of committees have travelled from place to place, and I think they have done so with very great effect. In its examination of a bill the transportation committee travelled from coast to coast. The agricultural committee is at the present time travelling to western Canada particularly to investigate matters concerning the handling of grain. I can think of nothing more useful to members of the House of Commons examining estimates or bills in committee than to travel to those places where they can see what is going on so they can assess the picture for themselves—and come back to the house better equipped to make recommendations. I believe it is also very useful for the people of Canada to see their members of parliament in the field from time to time taking a look at Canada and getting to understand the picture on the ground.

I know that in my province the M.L.A.'s have from time to time travelled from the capital city to various parts of the province, even to hold cabinet meetings. This has had a great effect upon the people of the area who like to see and meet their legislators and show them on the ground what is going on. I do not think this house should be inhibited by the cost of such travel or by such words as "junketing" and so on. I believe the people of Canada are glad to see their members of parliament coming to them on serious missions and taking up committee tasks in the field. I think this is an area we can explore and which we should expand.

There has been considerable discussion in regard to the appointing of staffs for committees over and above the clerical staff with which committees are now supplied through the committees branch. I refer to consultants, specialists, lawyers, accountants, and so on. I think we could become involved in enormous cost if specialists were attached to each standing committee and became entrenched as a kind of growing bureaucracy within the House of Commons. I would be much more favourable to a system which enabled committees to utilize experts for a short time while dealing with a particular topic, so that when a particular subject was before them for discussion they could employ a chartered accountant, an engineer, a lawyer, a university professor or a person of that kind who knew the subject and could be useful to them over the span of the discussion. I view with caution ideas to enlarge upon what seems to be a growing bureaucracy of people who spend a good deal of their time chatting amongst themselves and drinking coffee.

In the recent meetings of the transportation committee we found the services of an expert in this field a very useful addition to the work of the committee. Members from both sides of the house made use of the knowledge of that gentleman and referred to him difficult matters with which they wanted to deal in the examination of witnesses. I would like to see this process expanded within the committees of the house.

I wish to refer briefly to the public accounts committee, for here is a committee of the house that is already set up with a staff of specialists working under the Auditor General. It is one committee that has a staff capable of researching the accounts of the whole of the government service of Canada and of reporting to that committee. I think the public accounts committee might expand upon this work by undertaking some research into the problem of analysing how members of parliament can best go about the business of overseeing the work of government and departments.

When I look at the estimates and open up that great big sheet which sets forth some 30 or 40 standard objects, as they are called, into which accounts are broken down, I realize how primitive are the tools available to a backbencher to examine the accounts of government in an intelligent way. I can look at that chart and it tells me how much the Secretary of State spent on telephone calls or postage. In my opinion that is not a very useful item when I come to examine the accounts of government. It is the kind of item that one might dig out of the archives when this parliament has long since disappeared and look at with great curiosity, but it is certainly not useful to us in the examination of the public accounts. I wonder whether we should not perhaps be working through the Auditor General and the public accounts committee in devising better ways of examining the estimates that are presented to us so that we as members of parliament may become more efficient in our task of examining estimates in committee.

I now wish to say a few words about the proliferation of committees of the house. I believe we tend to proliferate committees in two ways. First of all, not only do we have 21 standing committees, which I believe are doing a very effective job, but we continue to appoint a number of committees to do special things. We have special committees appointed by the House of Commons and we have joint committees appointed by the House of Commons and the Senate, so that we have committees far beyond 21 in number. I would be much in favour of such special work being referred to the existing standing committees of the house so that they would become long-standing and expert committees capable of handling work under a method with which their members had become familiar. I would like to see less of the setting up and knocking down of ad hoc committees to attend to matters as they arise.

• (5:30 p.m.)

The other way in which we proliferate committees is by failing to take out of circulation committees which have been doing a job for a long time, have virtually completed their work, and should be retired from the field at times when we are introducing other committees into the stream to carry out other jobs. We cannot expect to operate our committee system efficiently if committees are not retired from the field when additional committees are appointed.

This is why we have a situation such as we have today. In the current week there are 47 committee meetings, each lasting an hour and a half, making a total of about 70½ hours of work for the week. By comparison the House of Commons itself puts in 34½ hours work a week. At present there are twice as many hours of committee meetings as there are hours of meetings of the house.

One can imagine the pressure of these hours of work not only on the members who attend committees but on the inadequate numbers of staff who have to cope with such a situation. As we advance into each session and place this load upon our services the services gradually break down. The time taken for committee reports to flow back from the printer becomes longer and longer, our capability of getting translation done becomes less and less, and we compound our problems as we go along.

Having created a system of committees which is doing an effective job of examining the estimates, we now have a long way to go to learn how to control the services, to program the committees, to refer matters to committees, and to retire matters from committees when those committees are reaching the end of their work. If we learn to do this adequately we shall be at the point where we can build for ourselves a highly effective committee system which will benefit the backbencher, who can become more capable in examining the work of government, and will benefit the government and the civil service which can call upon the effective work of backbenchers in committees.

I listened with interest to the remarks made by the hon. member for Royal about the British system. Last September I visited London and had an opportunity to talk to some people about the British system. One of the interesting things there is that there is no publicity attached to their committees. Meetings are held mainly in camera and nothing is said or known about the committees until they emerge with their report.

Such a system would have a very deadening effect upon committees in this house because I think every member of parliament likes his constituents and the press to know what is going on in committees. I think it enlivens the work of the House of Commons to have the press attend committees every day and comment on the work of committees as it proceeds. We certainly would not be prepared to accept the British system under which the work is carried on behind closed doors until a report is released and a cold piece of news tabled in the house.

After talking to some of the people over there I left with the impression that we were making advances more quickly than they were, particularly in the field of committee work. I do not think we should be looking around us to see whether we can emulate the British system. Rather, we should be looking at our own system and carefully examining it to see whether or not we can improve upon what already is an improving system which has done so much good over the course of the last year.

[Mr. Deachman.]

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I would like to make a few comments on this unnecessary budget which we are debating today and will continue to debate for some days. It was supposed to be necessary in order to deal with the old age pension supplementary payments. Let us examine that argument.

At the time the legislation was passed there was over $300 million in the old age security fund. The legislation itself will not take effect until March 1. The main budget will be brought down in April or shortly afterwards, and thus it could have dealt with this matter. I realize it is only human to err, but to me this is an odd type of error. Not only does this budget take up the time of the house but it reflects on our senior citizens. It over-emphasizes the pittance we are going to give them, even with a means test. The fact that the money is being raised by taxation is going to be broadcast across Canada in a six-day budget debate, and this at the very least must be embarrassing to our senior citizens.

We in the official opposition believed that our senior citizens should have been given the increase without a means test as a matter of right and that further taxation was unnecessary. In reply the government has stated that any social service must be paid for by the taxpayer. I would remind you, Mr. Speaker, that all other services provided by the government also have to be paid for by the taxpayer, and only when it came to the question of an additional payment to our senior citizens was it said that we would have to have a budget.

By this budget taxes are raised to provide a supplementary allowance ranging from $1 to $30 a month to our senior citizens. The old age security tax is increased from $120 to a maximum of $240, which should have been sufficient to cover the cost of the supplementary payments if it needed covering. I see no good excuse for imposing an additional 1 per cent sales tax which will probably mean an additional 2 per cent at the retail level. This hits the average fellow with a family with the same impact as it hits a millionaire. It also hits the old age pensioner whom it is supposed to help.

Let us take a look at what we are doing with regard to the old age pensioner. If he has an income or is able to earn $50 a month gardening or at some other work, the government taxes him $25 a month and in return pays him $5, but only after he has filled out an application form. The filling out of the form will be done with some difficulty in many cases and the form may even get the pensioner into difficulty if it is not completed accurately. In other words, Mr. Speaker, for every $2 of private income that he earns up to $60 a month, he sacrifices $1 of his $30 a month supplementary old age pension payment.

• (5:40 p.m.)

But that is not all, Mr. Speaker. If he is under 70 years of age he also has to fill out an income tax form and pay income tax if he is liable. But even that is not the end of it. In one of the provinces, and perhaps in others, he has to make a payment for medicare. In the province of Ontario, from which I come, he has to fork up $30, which is a whole month's supplementary payment. How much is taken from him? Well, there is income tax and medicare. Does he lose his $30 a month supplement for the full 12 months? Is it taken from him if he has to live in a hospital or home where he gets custodial care? How about his hospitalization insurance? Then, of course, there are the increased taxes. As I have already said, there is an increase of 2 per cent on articles which are subject to the sales tax. I will stop there.

I think this indicates how our senior citizens are being treated in a country where at all levels of taxation governments take $18 billion from the people. The gross national product is around $52 billion. This means in round figures that we are taking from the people in taxes approximately one third of the gross national product.

Let us consider the municipal field. Here over 50 per cent of the taxes go for education. I contend that not a dollar of municipal taxes should go for education. This is something which is national in character and is necessary for our very survival economically. Therefore I contend that education should not be included in municipal taxation at all. The old age pensioner pays those taxes if he has property. If he does not pay the taxes, he pays the increased rent which is necessary to help the owner pay them.

I agree that municipal taxes should be levied to provide services such as sewage, utilities, police, roads, parks, and so on, and that they should be a deductible item for income tax purposes up to an amount of $500. Otherwise taxes are heaped on taxes resulting in double taxation. Never in the history of this country have we had so many payroll deductions. The other day a man came to see me. He works in a factory. He told me that there are seven deductions from his pay cheque. This man is the father in a family of four. He came to me because he was in difficulty. He was not receiving enough money to get by. He was receiving enough to provide the necessary food, shelter and clothing for his wife, his family and himself. You should have seen the clothing he was wearing. I think we have become a little case-hardened. We do not seem to realize in some of these cases that we are leaving these people with just enough money to barely get by. In other words, we are rapidly making them pawns of the state. We must accept the responsibility then for looking after them.

As I said before, Mr. Speaker, I do not believe it was necessary to increase taxes. I should like to place on the record a little item concerning the waste of tax dollars. It is taken from an article in the *Globe and Mail* of February 14, 1966, dealing with a speech made by the Chairman of the Ontario Economic Council. It reads in part as follows:

> To back his statement that the governments do not seem to be concerned with the amount of sheer waste in government programs, he cited the report of the federal Auditor General that governmental overhead was up 20 per cent in the past three years. More than $7,000,000 went down the drain for bomb toss computers we didn't plan to use, and inadequate planning for low-level radar installations led to extra costs of $3,500,000, he said.
>
> The C.B.C. paid out $450,000 to its employees for work not performed and is paying out hundreds of thousands of dollars in program content subsidies for private commercial T.V. programs. More than $500,000 alone is involved in one subsidy.
>
> "Do we worry about this sort of thing?" he asked. "We are professedly concerned about private industry's alleged failure to train its personnel adequately. Are we ourselves, through our government, setting an example?
>
> If most public efficiency levels were judged by the competitive standards now applied to the private sector, the results might not be too happy. Are we concerned about this fact? Waste in government costs us just as much as featherbedding, waste and inefficiency anywhere else."

I wish to draw to your attention, Mr. Speaker, that our expenditures are now over the $10 billion mark. In 1962-63 they amounted to $6 billion. This to me seems to be a tremendous increase in expenditures. I am also concerned about who pays the taxes and how

we are treating the little fellow in this country. I am concerned about the man who is raising a family. As I have stated previously; I saw this man in my office the other day who has a deduction problem, but I see many more. I have an article here which I think covers their complaint pretty well. When there is an increase in the sales tax of 1 per cent or possibly 2 per cent at the retail level, the little fellow is being hit pretty hard. He is being hit just as hard as the millionnaire or the person who has an income of $15,000 or $25,000 a year. In many cases the little fellow is being hit harder because often he has a larger family. I think this excerpt from an article by George Bain in the *Globe and Mail* covers the situation very well:

> He was an unremarkable figure with a nervous smile, the man with two dependent children (all taxpayers for the purpose of budget reports are either single or have two dependent children, whether they like it or not) and an income of about, say, $8,750.
>
> Old $5,000-a-year-and-two-dependent-children was $700 short of qualifying for the privilege of paying more income tax to help build up the old age security fund to accommodate the projected supplementary old age pension of up to $30 a month.
>
> He could argue, of course, that he was being called upon to do more than his fair share (as usual) in that the minister was also adding one per cent to the sales tax, which would be payable by everyone.
>
> Since the man with $15,000 a year obviously wouldn't be buying three times as many (or three times as expensive) toothpaste, grass seed, television sets, socks, washing machines, kids' clothes, detergents, umbrellas, cars, cigarets and snow shovels, he, with his $5,000 and two dependent children, would be contributing relatively more to the take from sales tax than would the $15,000-a-year man.
>
> Old $15,000-a-year-and-two-dependent-children could reply, of course, that the finance minister was going to be tapping him for $240 a year in income tax to sustain the old age security fund, an increase of a cool one hundred per cent from what he had been contributing for that purpose.
>
> However, the maximum of $240 will be reached at income of $10,000 with the result that for every dollar earned of that last third of his income, $15,000-and-two-dependent children would be paying no penny more for old age security.
>
> So that leaves the group between $5,700 and $10,000 enjoying the best of both worlds. And somewhere in there stands our hero, still (like the $5,000-a-year-man) spending all or almost all his income on necessities and necessary luxuries and therefore a relatively large contributor to sales tax revenues, and, at the same time, eligible for all or most of the increase in income tax.

• (5:50 p.m.)

I think that sets out the situation. Let me take a moment or two to speak about investments, particularly those made some time ago by people who are now elderly. Many people invested in perpetual bonds in 1936 which cost between $97 and $100, par being 100. These people need this money now but find the bonds are only worth $53 or $54. Some $55 million worth of bonds were sold to people most of whom had to scrape and save to purchase them. They did so in the hope of providing something for their old age. I know of one lady who has $4,000 in these bonds and she now needs this money badly. All the coupons were used up by 1966, and I think anyone who is fair-minded would agree that these bonds should have been redeemed at that time at their par value. There is no basis for the argument that many of these bonds are now in the hands of investors in this country, because it should not make any difference who holds them. The government should redeem them at par value.

One can come to no other conclusion than that the government has reneged in respect of these bonds and has allowed those people who purchased them to be the goats.

I could refer to many other situations of this kind. Let me just say that a great deal of money has been going out of this country during the past year, creating a very serious situation in so far as our financial institutions are concerned. For every dollar that went out of Canada in 1965, six dollars went out in 1966. Perhaps this is the result of people becoming worried about the safety of Canadian investments.

I am not particularly concerned about the safety of Canadian investments because this country on a per capita basis has the greatest resources of any country in the world. Let us do some housekeeping and housecleaning and restore confidence in this country. The first thing that must be done in this regard should be done by the government. The interest rate on these perpetual bonds should be increased to 5½ percent or they should be redeemed at par value. An increase of two per cent will only cost about $1 million.

Is it fair in a country with a gross national product of approximately $55 billion, for the government to shake the confidence of the people by reneging on its responsibilities, particularly when it would only cost, as I have said, in the neighbourhood of $1 million to increase the interest on the bonds? I urge the Minister of Finance (Mr. Sharp) to consider this situation and make some effort to correct it at once.

For a few moments I should like to refer to federal-provincial affairs. We in this house

have set up a health resources fund and recently we passed the Canada Assistance Act. There was some urgency to do these things and yet the Canada Assistance Act is not yet in operation. The health resources fund was established to provide medical centres of various types to train doctors and paramedical personnel. A fund of $500 million was set up to be spent over a period of 15 years. The premier of Ontario, Mr. Robarts, has said that the federal government shortchanged Ontario out of $280 million as a result of which he will have to reconsider all his health and welfare and educational measures and find out where he has to pare.

As a result of different approaches taken to health resource measures, construction of some training centres may have to be abandoned or put off for some time. This will create a slowdown in the training of the number of doctors and other personnel associated with the health and welfare of our citizens at a time when the numbers available are far below requirements and requirements for these services are rapidly increasing. Mr. Speaker, may I now call it six o'clock?

Mr. Deputy Speaker: Is it agreed that we call it six o'clock and suspend the sitting from now until eight?

Mr. Starr: Yes, Mr. Speaker, from now until eight o'clock.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Sherbrooke (Mr. Allard), External Affairs—Viet Nam—request for ban on arms shipments to U.S.; the hon. member for Lotbinière (Mr. Choquette), Broadcasting—request for review of regulations governing political programs; the hon. member for Parry Sound-Muskoka (Mr. Aiken), Northern Affairs—departmental press release.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. Rynard: Mr. Speaker, as I was saying before our dinner recess, we have to put more money into research. This has become a vital factor in the world competition in which we find ourselves today. It perturbs me greatly when I realize that the provinces can only spend money and provide the buildings, on a matching basis, if they have the funds to do it. I think the solution of this problem in dominion-provincial relations is of paramount importance at the present time, and I mean the allocation of taxes.

As I said previously, the province of Ontario has been short changed to the tune of over $280 million and it is feared that not only education but also some of the health and welfare programs which have been set up in that province will have to be cut back. However, regardless of whether there are sufficient funds for construction of all the necessary buildings there is also a crying need for more teachers and researches. I hope that the Minister of Finance is listening.

There is today in Canada an urgent need for more teachers, to enable the schools to operate so as to educate more researchers and doctors. The first need which must be met is to provide sufficient funds to build the schools and to educate more teachers and researchers to train our graduates who, in turn, can themselves become teachers.

I do not think there is any need to elaborate further on this subject. Studies which have been carried out in the United States have shown that the social return from university education is between 8 and 11 per cent. This is a pretty good return, when one considers that it includes income tax and other taxes. According to those studies the private return alone is in excess of 12 per cent which indirectly in the long run will bring back more taxes. In Canada similar results have been obtained in the social field. The private return has been from 15 to 20 per cent. Therefore I say to the minister that if he wishes Canada to develop economically and to lay the foundation for this development he will have to provide the money with

which to do it. In view of all this it is very hard to understand why the scholarship awards have been delayed.

This attitude on the part of the government applies not only to the field of medicine and medical science but also to industry. The other day I was looking at a brochure in which it was said that most of our engineers leave Canada to go to the United States, because if they stay here they only become some sort of managers. Surely the incentives to keep them here are insufficient when, through our own fault we cannot keep our well trained engineers in this country. Not only does industry suffer, but so does the whole economy of the country.

As I have pointed out on more than one occasion, this represents a very serious loss. The minister is well aware of the situation because he has been quoted as saying that we cannot expect the same standard of living in Canada as is enjoyed by the average American, because our productivity does not equal that of the United States. Surely, the way to cure that is to have better and more research scientists and more education. This is very well illustrated by the fact that in 1963 43 per cent of the male labour force between the ages of 25 and 64 in the United States had 12 years of education, as compared with the same age group in Canada in which only 25 per cent had the same number of years of education.

• (8:10 p.m.)

Now, Mr. Speaker, I have pointed out that research was cut back. I think this is the highest type of folly that has been exhibited by this government. We are cutting off the hand that would feed us and keep the economy of this country strong. I do not feel there is anything to be happy about, in the performance of the government. People say, look at our productivity; it has gone up and our manufacturing has gone up by 50 per cent since 1961. This is correct, Mr. Speaker, but in the same period of time we had a greater percentage of increase in our imports. Where are we going? At the end of last year we faced a $2 billion deficit. Our manufactured exports picked up to the extent of 64 per cent in the same period of time, from 1961 to 1966 but when we examined the picture we found there was an over-all decline in the comparison with the same trading groups—or with other countries.

Now, Mr. Speaker, this is not good enough. If we are going to build a sound Canada, we have to educate the young people of this country and we have to keep our trained personnel in order to give us the research that will produce the goods and bring our productivity up to par with the United States. I believe we could even outsell the United States, Mr. Speaker, because in this country we have the natural resources. We do not have to buy them, we do not have to bring them in; they are in Canada. All we need is the skills for processing them; but we cannot get those skills by cutting back on research expenditures. We must provide the money, we have the taxing ability to do so. When we cut back on the provinces, they cannot go ahead with the projects they need to provide the trained personnel for this country.

I want to go back for a minute and say that I do not believe the people are going to tolerate this type of thing much longer. We are living in a country with the greatest resources per capita in the world. We have resources of all types right at our back door, but we need the skills to manufacture them. Sometimes I get annoyed when the government points out that we are proceeding more and more toward free trade, because I believe that if our productivity is now only 70 per cent of that of the United States, then the logical conclusion is that with a free trade economy we would have little manufacturing in this country. I do not believe this is the way to build Canada.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I do not propose to spend too much time on the minister's budget. There is not much one can say about it. The minister himself described it as a mini-budget. Perhaps, Mr. Speaker, like the mini-skirt, it occasionally reveals more than was intended, not for information of course or to show the condition of the economy, but rather to reveal the condition of the minister's personality. I have the idea that, having got himself into a position of promising a budget, because of a condition that prevailed in the economy at that time, and when, as is always likely to happen, conditions changed, the minister felt himself in honour bound to bring forward a mini-budget anyway. I think he may have had some purpose in doing so, but I suggest it had nothing whatever to do with the economy of Canada.

I seemed to detect on the part of the minister a desire to point a moral. I could really see all of the minister's Calvinistic ancestors peering over his shoulder as he drew up this budget. It seemed to me he was determined to underline and emphasize the old adage, that

in this sad vale of tears you get nothing for nothing and damn little for sixpence.

I think, Mr. Speaker, that is a point of view with which one could agree. No one will deny it. I suspect also the minister hoped to raise some question in the minds of the Canadian people the next time they begin to demand the expansion of social services or increased amenities for living. The minister hoped they would connect this clearly in their minds with the brutal fact of taxation. Again, I think one cannot quarrel with that point of view. On the other hand, I would suggest to the minister that the people of Canada may be asking themselves some rather different questions. I do not believe for a moment they are now likely to question the necessity and desirability of having adequate pensions for old people, adequate services for children, adequate disability pensions, retirement pensions. Most people in Canada accept the fact we are going to have these things. If we have any pretentions to being a civilized, progressive people, we must see that we get them for the Canadian people.

The sort of questions the Canadian people likely will be asking themselves are, not can we afford better old age pensions, but can we afford to allow businesses to evade taxation via the expense account route? Can we afford to have executive salaries undisclosed and untaxed in the form of cars, houses and the various perquisites that are provided by large corporations? Can we afford the insanely generous depletion and depreciation allowances which are permitted? Can we afford untaxed capital gains? Finally, can we afford to allow the gross misallocation of resources, which sees service stations being built on all four corners of an intersection, luxury apartments, fancy office buildings, when the housing needs of the Canadian people are crying aloud? These are the questions that are likely to be raised in the minds of the Canadian people by the minister's mini-budget.

Some of my colleagues have dealt perhaps a little more harshly, a little more decisively with this aspect of the budget. I do not propose to spend much more time with it, because in my mind the minister's mini-budget was a piece of rather ill advised nonsense. I think there is something about which the minister must be thinking now as the time comes close for the presentation to parliament of the real budget. I hope when he does so he will not regard this merely as a method of accounting for the housekeeping for the government of Canada, but that he will realize in the modern age the budget is one of the weapons in his control by which to control economic development in Canada.

For a few moments, Mr. Speaker, I should like to present the idea that we are now moving into an extremely different world than the one we have known up to this time. We have to regard our economy, not as a happy hunting ground for various people, whether they be labour or management or shareholders, but as a complex and extremely precariously balanced productive and distributive machine. If we look over the world today we will find that, no matter under what political philosophy this machine is being developed, it invariably takes the same form. In fact, Mr. Speaker, I think one might paraphrase the phrase of the famous professor, Marshall McLuhan, that "the medium is the message" by saying that technology is the organization. The technological development of the age dictates a certain form, a certain size and a certain type of productive organization.

• (8:20 p.m.)

What is important, of course, from a social point of view is what we are going to do with the products of that particular machine. The important thing is that we must grasp the idea that this is a machine, a structure, shall I say, that must inevitably be built to fit the technological stage we have reached today. One of our troubles is that we have allowed a great many excrescences, shall I say, of this machine to very severely hamper its efficiency. We have allowed a whole host of comparatively useless intermediaries who contribute little or nothing to impede progress toward the development of an effective and productive machine in this country.

One of the most important cogs in a modern industrial productive machine is provided by the financial institutions which contribute to its operations. Here in Canada we are at the present time in a very sad way in this regard. I do not need to point to the various collapses that we have had in the financial world; to my mind the matter is much more serious and goes much deeper.

I know it is not proper, Mr. Speaker, to refer to proceedings before a committee, but I think I can remind the house that at the present moment one of the committees of this house is dealing with some of the experiences of two or three financial institutions. We have

allowed to grow up in Canada a whole conglomeration of financial institutions of various sorts and under different jurisdictions, some properly controlled, some completely uncontrolled, but all of them intruding themselves into the operation of our productive machine—a sort of ramshackle growth of financial institutions which apparently contribute nothing except confusion and doubt as to the ability of the Canadian people to produce the things they need to produce.

We have had before the committee on finance and economic affairs for some time a bill dealing with the major financial institutions of the country—the chartered banks. But always appearing over the horizon in all of our discussions are the heads of these various subsidiary financial institutions who are apparently beyond our control, or at least beyond the control that this government is prepared to exercise. As a consequence, Mr. Speaker, there is a growing concern in the public mind as to whether Canadian financial institutions are indeed as stable and efficient as we like to believe.

I think we should realize that they deal entirely with the savings of the Canadian people. If we are going to build a modern productive and distributive machine, such as we have not now and, indeed, such as no country in the world has yet, the sort of machine that is going to be made completely necessary by technological development, then we have to tackle this question of these institutions which we allow to dabble in the pool of the savings of the Canadian people.

We are doing almost nothing to streamline these institutions, Mr. Speaker. We are doing almost nothing to bring a vast body of them under adequate control; and we are not doing this because of the strictly doctrinaire approach of this government—and I might say it is the same doctrinaire approach that is displayed by the official opposition—a doctrinaire approach which is very pronounced when we come to deal with such institutions as trust companies, loan companies, insurance companies.

The principal doctrine, Mr. Speaker, is that it is the inalienable right of Canadian citizens, or some of them, to be able to collect the savings of their fellow citizens and themselves decide what they are going to do with those savings. We are, of course, trying to bring some of them under control through the deposit insurance legislation; but I am most struck by the fact that this government is not prepared to make a definite statement that it will exert its authority under the British North America Act over all institutions that could be defined as doing banking business. The consequence is that no one at present knows exactly how our financial institutions are going to operate in the course of the next ten years.

We may feel at the present time that the institutions that we have controlled—that is, the banks and to some extent trust companies—are sufficiently controlled for the time being; but we must have some doubts about some other institutions when we see what happened to the Prudential empire, to Atlantic Acceptance Corporation, and when we saw the other day that the creditors of North American General Insurance Company would be fortunate to get 58 cents on the dollar.

I hear someone asking me about the socialized industries in Saskatchewan. I would be glad to deal with the socialized industries in Saskatchewan, but I do not think that the subject would be germane to this discussion. I know it must annoy members of the official opposition, and probably members of the government party, when I point to the fact that today they are the doctrinaire parties of this country. They are not prepared to abandon their doctrine—their sacred doctrine of the right of Canadians to exploit each other, and particularly in the financial field to have some control of the savings of others.

I think there is a very growing concern about this question. One of the matters we must deal with, one which I am sure we will have to deal with before the next decennial revision of the Bank Act, is the bringing under adequate control of the host of financial institutions of varying function, varying development and varying power.

I have been quite struck with the hesitation of the government to move in this regard, because it leaves them in a very precarious position. I have been struck by the way in which the government fears the reaction of provinces which have assumed squatters' rights in an area that is definitely assigned to the federal government and the federal parliament. But apparently nothing can be done about it because, as I say, this government is wedded to the doctrine of what they call free enterprise.

One of the major types of financial institution, one that deals very closely with the savings of the Canadian people, is the insurance company. I have been disturbed—I have mentioned this in this house several

times—by the endless proliferation of new life insurance companies which this parliament is asked to incorporate. We are being asked to incorporate more hands to dig into the pool of the savings of the Canadian people. It fragments this pool of savings. It robs us of any power to direct the investment of the savings of the Canadian people, because we leave those savings in the hands of these various individuals who have their own axes to grind, instead of being interested in the development of the Canadian economy.

• (8:30 p.m.)

I would hope, Mr. Speaker, that before too long this government will be prepared to consider doing what we in this party have suggested to them on a number of occasions, and that is to expand the operations of the Canada Pension Plan so as to offer the Canadian people a wide range of options. There is no reason for a Canadian citizen, who wishes to provide for his old age at a more generous rate than is given by the basic pension under the Canada Pension Plan, not having the opportunity to decide to contribute a larger proportion of his income in return for a larger retirement allowance, when his time comes to retire. I cannot for the life of me see that we should admit the right of any private individual in this country to acquire those savings with his enterprise and decide, himself, what he will do with those savings. So long as we can be sure—and we are not always—that the people who have contributed their savings, get their money back, get their savings back, we are asked to believe that that is enough. I do not think that it is enough. I think the savings of the Canadian people upon which all future expansion depends, should be firmly in the hands of public authorities.

None of us in this house yet knows what the government policies about the vexed questions of foreign ownership are, whether the simplistic views of the former minister of finance will prevail. Does the government hope to solve the problem by having 25 per cent of corporations foreign owned, or does it hope to persuade Canadians to buy 25 per cent of their shares? I do not know. This has never been cleared up.

I say that if we are to follow the policy of the former minister, it is an extremely simple minded policy, unlikely to yield results redounding to the interest of the Canadian people. On the other hand I see a vast opportunity for government initiative for developing the Canadian economy further, beyond this stage. If we have not too much pride we could take a leaf from the books of some of the developing countries of the world and invest jointly, publicly and privately. Some developing countries find no difficulty in getting foreign investors to bring in their capital, to erect industries with their know-how and entrepreneurial knowledge for 49 per cent of the enterprise. In country after country we find this is taking place. They get foreign capital without losing control of their economy.

I might say, as an interesting little footnote of history, that that great Canadian, Lord Thomson of Fleet, has recently entered into a contract with the government of Yugoslavia by which he is providing 49 per cent of the capital required to build a string of new tourist resort hotels on the Adriatic coast. Everybody seems pleased with this. Lord Thomson, with his well known desire to make money, appears quite satisfied, and the Yugoslavs seem quite satisfied that they will control the hotels being built partly with Lord Thomson's money.

The government also has not been quite forthcoming with what will happen to the project, the Canada Development Corporation, suggested by the former minister of finance. That was to be a vast, privately owned mutual trust, with government backing and public assets to help it along its way. Perhaps the government will go ahead with this idea; I do not know. This is another of the mysteries to be cleared up when the cleavages within the government party have been resolved.

I suggest that there is a place for a Canada Development Corporation different from the one advanced by the Minister without Portfolio. It could very well be attached to a revamped Canada Pension Plan. From that plan, I suggest, most of the funds could come. They could be made available to private enterprise, to joint public and private enterprise and to public enterprise, for the development of the Canadian economy. The result would be that in future the proportion of our economy in foreign hands will be much smaller than it is at present. We should not attempt to cut down that proportion by the ill advised investment of scare Canadian capital in minority shareholdings of existing corporations.

These are some of the things that I hope the Minister of Finance thinks about when he presents us with a real budget—not the rather funny little budget we had a few weeks

ago, that does not appear to have had any justifiable purpose, except a moral one. The minister must also consider what fiscal policies he will institute with regard to the allocation of resources. It is not good enough for the minister to rely merely on the statistics of the Dominion Bureau of Statistics, when speaking of our gross national product. He ought not to say that we have reached the limit of our development at the present time; we want to do too many things, and we have to call a halt. Unless he will examine the allocation of resources and devise a fiscal policy that will give us an allocation of resources better than the one we have at the present time, we can expect disappointments. I can think of a number of things which can be done. The sales tax can be adjusted, for instance, to encourage certain types of construction, certain types of industrial development and to discourage others. No one can suggest that there should not be a reallocation of resources in this country.

It is not good enough to go on shouting that we shall make war on poverty, when we do nothing to provide educational opportunities for vast numbers of our people—opportunities through which they might climb out of poverty. It is not good enough to say we have reached the end of our capacity to produce and to build, when we see around us in every city in Canada resources being wasted on projects of doubtful social value. We still have no houses.

It will not do for the Minister of Labour to content himself with holding a housing conference in the city of Toronto unless the government has solved the problem of reallocating resources. I might quote perhaps some evidence given to our committee by the governor of the Bank of Canada. When I asked him if he thought it was possible to use the interest rate as a means of allocating resources, Mr. Rasminsky told me bluntly, "No, I do not think it can be done". He said that that has to be done by fiscal policy. I asked him to make it quite clear that he meant that the government must get into its hands sufficient revenues to be able to make public expenditures in fields, such as housing, to which I have referred.

I hope the Minister of Finance will consider this question of the allocation of resources. I hope the next time he comes before us with a budget he will be able to tell us that the allocation is now discouraging redundant gas stations, redundant shopping centres, redundant luxury apartments, absurd prestige office buildings, but is on the other hand encouraging housing for the Canadian people, schools for Canadian children, hospitals to care for Canadian sick and educational institutions to provide our badly needed health and educational services. I hope he will not read us a couple of paragraphs from his report and say, "As you see, our gross national product is at its highest level in history, therefore we must be prosperous, and we must have reached the limit." I do not think the Canadian people will be happy if the government continues with this kind of approach to their problems.

We have another problem also. It is about time we began looking at it. We should not be so ingrowing that we ignore looking at it. I was struck the other day with an editorial which quotes Mr. Escott Reid, a former extremely distinguished Canadian public servant who is now in the academic world. The heading reads, "The Most Awesome Problem Confronting Modern Man," and Mr. Escott Reid has this to say:

> "The value of the present net long term official aid provided every year by all the rich countries of the western world to all the poor countries of the world is about the same as what the United States spends every year on space research.

• (8:40 p.m.)

> If the western world had last year increased its aid by just one tenth of last year's increase in its income, the flow of aid from the west to the poor countries would have doubled.
>
> In recent years, Canada has been raising the level of its foreign aid by $50 million each year. Fifty million is less than 2 per cent of the annual increase in our wealth."

The editorial goes on to say:

> Surely Mr. Reid is on the right track when he urges that Canada increase its aid from the present $300,000,000 mark to about a billion in the next four or five years. Our present figure is only half the UN standard of giving 1 per cent of the national production figure—and we are improving it much too slowly.
>
> As Mr. Reid says:
>
> "If we of the western world persist in our present policies on aid to poor countries, we will have earned the contempt of our children and our grandchildren for the kind of world we will have bequeathed to them. They will not easily forgive us for our short-sighted and ignoble policies on foreign aid."

I would hope that Mr. Escott Reid—and I am sure he does, because I know him—realizes that a prerequisite of doing what he advocates in the interests of our own preservation depends on the development in Canada of an effective and efficient productive machine; it depends on eliminating from our economy all these nonsensical financial

institutions that hang like barnacles on this productive machine and are allowed to hang there because the government of this country is in the hands of a doctrinaire party that tries to fit all its policies into the Procrustean bed of so-called free enterprise; that still believes there is some sense and justice in permitting private individuals to play with the savings of the Canadian people, to decide where those savings shall be invested and to ervation depends on the development in Canada.

I am convinced that sooner or later this government or another government will have to enter the modern world and realize, as I said earlier, that, to paraphrase Professor McLuhan, technology is the organization. If you go across the world, if you go to the Soviet union or any of the countries of eastern Europe, you will find exactly the same type of productive machine being built, because technology calls for it. The only thing is that they have scraped some of the barnacles off, but unfortunately they have also allowed some other barnacles to remain which are equally unpleasant, if not perhaps so destructive of their efficiency.

If we are to operate on any doctrinaire basis, whether it be a free enterprise doctrinaire basis or a socialist doctrinaire basis, we are going to land in trouble in the world of the future. Let us grow up; let us wake up, and let us realize that Canada is a country which can influence the course of world events if we are prepared to put our own house in order and clear out the rubbish which we deal with eternally and everlastingly because we seem to think there is some God-given right to fool around with the surplus values created by the people of Canada. These should be devoted to the development of a new Canada that can take its place in the world, as we have not done in the past because we have been afraid to do so, because we have not true wealth, because we know we are dependent on other powers to keep us going; and we are dependent on them because we have refused to rationalize our own society, industry and economy. I hope our own Minister of Finance, when he brings down his budget, will have some of these ideas in mind, and will have in mind particularly the idea of a reallocation of our resources in Canada so that we will wage a real war on poverty, so that we shall begin to eliminate the type of poverty that now afflicts us, so that we will cope with the problem mentioned by my hon. friend the hon. member for York South (Mr. Lewis) the other day, when he pointed out that poor housing is not merely a matter of living accommodation but is closely linked with juvenile delinquency, with general unhappiness and misery, and with social problems, for which we pay a tremendous economic price.

It is not good enough to say that these things must always be with us. It is perhaps all right for the godly to say that the poor will always be with us; but it is perhaps time we revised our idea of God and what is permissible in a modern, civilized country.

[*Translation*]

Mr. Gaston Isabelle (Gatineau): Mr. Speaker, I am arrogating to myself a privilege in taking part in the debate which ordinarily follows the budget speech, particularly with respect to the supplementary budget presented by the Minister of Finance (Mr. Sharp) before Christmas.

Once again, the government of Canada has added a page of sound economy to our parliamentary history by providing, through rational and evenly distributed taxation, a minimum vital income for all Canadian citizens. This is yet another addition to social security measures recently implemented, such as the Canada Pension Plan and Medicare, which will undoubtedly place all Canadians on a superior level as compared with the standards of living throughout the world.

Some hon. Members: Hear, hear.

Mr. Isabelle: Mr. Speaker, I should like to take this opportunity to call the attention of hon. members to a phenomenon developing in the country which, I greatly fear, will soon lead us to a situation from which there will be no turning back. I am referring to medical personnel, particularly the family doctor.

We all know of the difficulties experienced by our government in passing the medicare bill; as time goes by, we become even more conscious and proud of the responsibilities we took upon ourselves, when the four great principles were put forward by the right hon. Prime Minister (Mr. Pearson) in July, 1965.

• (8:50 p.m.)

Still, Mr. Speaker, although we have accepted those four basic principles, although everyone seems to agree that health is a fundamental right of every citizen, that governments must recognize it as an undeniable natural right, the right to mental and physical health, although governments say "We have that responsibility", it remains that such a

right must not be handed over solely to medicine, that is doctors, medical associations and medical colleges across Canada.

Ministering medical care belongs exclusively to medicine, as well as the structures of internal control. But the fundamental rules bearing on the right of the individual to health, are strictly a government responsibility.

I can already hear voices clamouring against the word "government", especially in view of the tempestuous climate created by the interpretation of the constitution in matters of health.

The central government, for the protection of citizens across the country, has the right to impose the principle of stable balance and general protection to which its nationals are entitled, whatever the province in which they live. That is what the present government is seeking to do and must do.

The method of practical implementation of this principle is within the provincial jurisdiction to the same extent, I would say, as the equalization principle which in fact, enables rich provinces to take an indirect hand in the fulfilment of, and the economic assistance to the so-called have-not and less favoured provinces.

Such is the spirit that must prompt each of us. The problem, sir, is that, in my opinion, there will be a lack of family doctors in Canada. And here is why. We must agree that medical research in Canada can be increased considerably. Nobody can deny that. The present government has already made a commendable effort by earmarking $500 million to medical research. There has already been so much discussion on this matter that it is not necessary to come back to it. It was also dealt with sufficiently in this house. It is better to start off as we do and to be sure to progress, by a sustained increase, toward higher peaks.

Mr. Speaker, let me pay a tribute, here, to the scientist who is commended for his extraordinary qualities and his highest merits because of his essential necessity and his untiring devotion in a modern nation. I refer to the family doctor, the general practitioner.

Unfortunately, if modern society can praise the merits of this man who is disappearing and abandoning this type of medical practise he loved so much, we must now examine our consciences and repeat what Professor Pasteur Valléry-Radot, then co-president of the 23rd convention of French doctors, stated namely: "I have no hesitation in saying that, in its daily practice, medicine is erring. Why? Because it ignores the physician, the general practioner and is concerned only with the specalists."

We would have a lot to say in this regard but it is impossible for lack of time. We know that general practice is centred essentially on the family which is the basic unit of society. The family doctor is undoubtedly the best doctor in the country. He can look after the expectant mother, the children, the adults. He can treat people in his office, at the patient's place, the hospital, when it is necessary.

The family doctor should be really the medical practitioner and not only a switchman for the specialists. In that respect, I should like to quote the words written by one of my colleagues, Dr. Georges Desrosiers, in *Le Devoir* of February 1962:

> The public should be informed as to the role and value of the family doctor because a certain thinking has developed here, as everywhere else, which results in the fact that in some quarters, people only swear by the specialist who is consulted directly, and who often refers the patient later on to another specialist.
>
> The role of the specialist would be namely that of a consultant. He would supplement the work of the family doctor when necessary. To allow the family doctor to play the part assigned to him, the general practice should be viewed as a special branch of medicine and we should take as much care to determine its standards and requirements as we did for the so-called specializations.

Unfortunately, although the medical associations throughout Canada are still praising to high heaven that courageous worker and saying how indispensable he is when it comes to dispensing medical care, in short in spite of all those bouquets, one cannot but feel that those are treacherous words and that the man whose talents are so highly esteemed —is doomed to oblivion.

Some hon. Members: Hear, hear.

Mr. Isabelle: On November 30, 1965, some witnesses appearing before the Hall commission, stated that:

> Two per cent of Canadians had to see their specialist each month and that, therefore, the greater part of medical care given to Canadians should be administered by general practitioners or family doctors.

However, other witnesses stated that:

> Demand that general practitioners be given consideration by the profession as well as by hospital and government authorities.

This, Mr. Speaker, means total reform, particularly with the advent of medicare, of the whole concept of medical associations and of all medical school structures, which are also outdated. These organizations have become encrusted in a dangerous but regular routine and have accumulated more dust than prestige over the years. They have become much like stagnant waters and are even now in need of purification. Their only significant accomplishment boils down to resolution passing committees, whose powers are whittled down from year to year.

In certain areas, a great gap has been created, or at least everything has been done to widen the gap already existing between family doctors and specialists. I wish to point out to hon. members that if we do not have enough medical practitioners, if Canada is in 22nd position, with respect to the relationship between medical practitioners and population, having only one doctor for 852 persons, it is not because of a lack of federal research grants. It is rather due to the confusion within the medical profession; this situation must be remedied in the near future, if we are to have more family doctors.

It is inconceivable that, in 1967, some hospitals should have general practitioners as active members of their medical boards and that these practitioners should not be allowed to vote in the medical departments when general decisions in which they are involved are taken.

It is inconceivable that, in 1967, the general practitioner who makes a house call and finds the patient dying or almost, should have to telephone the specialist on duty at the hospital to ask permission to hospitalize the patient. That is scandalous, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Isabelle: It is also incredible that in 1966 and even in 1967—and I am ashamed to say it—certain hospitals in Montreal should have gone so far as to build separate washrooms for general practitioners and specialists.

We should regain our senses and realize the nonsense of such fantastic figures. As a matter of fact, in the last few years, the number of specialists has increased by 43 per cent, whereas the number of general practitioners throughout Canada has only gone up by 39 per cent.

Mr. Speaker, this makes no sense at all; in this case, there are more chiefs than Indians. Out of the 24,000 doctors in Canada at present, 2,880, that is 12 per cent, are interns, and 90 per cent of them are specializing or preparing for a career in industry. After the arguments I have just put forward, one could hardly think of improving the medical situation by creating such ridiculous situations as the one in which we find ourselves today.

Mr. Speaker, may I refer to an item published in the magazine *College of Medical Practitioners of Canada* of August 1966, and I quote:

• (9:00 p.m.)

[*English*]

Too long has the medical profession soft-pedaled the short supply of Canadian physicians. Too long has it concealed the urgent need for more family doctors from such groups of foreign physicians as those of the United Kingdom. Too long have Canadian doctors refused to come to grips with the excessive work load being carried by many of their members, and this load will be increased when universal health insurance is established.

Everyone knows or should know there is a shortage of physicians in Canada. This may not apply to a few of the specialties, but it is true generally and particularly of general practitioners or family doctors.

[*Translation*]

In an article published in *Le Droit* some time ago—

Mr. Speaker: Order. I am quite hesitant to interrupt the hon. member in his flight of oratory and in the midst of such an interesting speech but I am wondering about the relationship that may exist between the speech he is making and the discussion on the supplementary budget now going on. There may be a very close connection between the two but it does not appear quite obvious to me.

Mr. Isabelle: Mr. Speaker, I thank you for your remarks but I might point out that we are concerned with moneys that may be expended on research and somewhat imply the expenditures to be made to ensue a minimum guaranteed income. It is, Mr. Speaker, a problem related to the medical profession inasmuch as it may supply the care.

May I quote an editorial from the newspaper *Le Droit* entitled "The Family Doctor", relating to an article I read in a newspaper published by the College of General Practitioners of Canada:

There should have been a royal commission to tell the authorities concerned, that is the governments and the universities, that the general practitioner only—the good old family doctor—seems to be in a position to treat mankind as a whole.

I will go further, Mr. Speaker. A few years ago, a prominent lecturer, Cardinal Paul-Emile Leger of Montreal, said at the University of Ottawa that the time has nearly come when a person calling on the doctor to have a particle of dust removed from his right eye, will be told: I am sorry but I am a left eye specialist.

I think the general practitioner is practically indispensable in rural areas, and far from useless in large towns where many heads of families with small incomes cannot afford the luxury of paying a specialist unless absolutely necessary.

Instead of making recommendations, I shall simply conclude by saying that more university centres with university hospitals should be built, without necessarily adding to the present number of medical schools. We should also make use of every available means, particularly electronics and television. Furthermore, medical associations and colleges of physicians across the country should be asked to put some order in their indescribable and legendary mess so that, in 1967, the general practitioner might be considered as qualified to practise general medicine everywhere, even at the hospital.

If those suggestions are accepted, Mr. Speaker, then everything else will follow: medical research will grow, the number of family doctors will increase, Canadians will be better taken care of, and more young people will enter medical practice in Canada.

We must put an end to the snobbery of medical education where most of the high-priests or heads of medical schools have embalmed themselves throughout Canada. Instead of fostering the progress of practical medical science, they have basked continually in the luke-warm routine of pompous and pious speeches which basically gratified only their pride to the detriment of general medicine, that is those who worked humbly and silently ministering the sick. The time has come to put an end to all this, to forget the old saying: "If you cannot become king, become a doctor."

[*English*]

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, in this wide ranging debate I too might make a few remarks which are not directly connected to the budget, but which will be connected to the fiscal policy which comes under the jurisdiction of the minister. In this regard, while perhaps ranging a little wide, I am in the position of hon. members on the other side, because very few of them have spoken directly on the budget. I think they might be in the position, as the saying is, of "damning with faint praise", because their silence on the budget, I would say, certainly has been very faint praise. Admittedly there is very little to praise in the budget. It could be described as a give and take budget. Actually it takes more than it gives. It imposes taxes to provide a graduated extra payment to some old age pensioners ranging from $1 a month to a maximum of $30 a month; at the same time it takes income away from many of the pensioners through income tax.

This budget, called the mini-budget, hits the pocketbook of our senior citizens in another way. It does this through the 12 per cent sales tax on drugs, which has been called a tax on illness. That description, in my opinion, is a very fitting one. Whom does it hit the hardest? The old age pensioner, our senior citizens who have helped to build this Canada we have today. I have a letter here from the Canadian Pharmaceutical Association. The Minister of Finance knows about this letter, because I understand he also has received a copy. I should like to quote very briefly from this letter, because I think it sets out very clearly the situation in respect of the 12 per cent tax on drugs:

• (9:10 p.m.)

During the past few years in particular, considerable public comment has been directed toward the cost of drugs. Since the early 1950's, our Canadian Pharmaceutical Association has repeatedly emphasized that the federal sales tax levy contributes significantly to the price of drug preparations. Only six specific drugs (not drug classes) are exempt from this tax.

In appearances before many committees and commissions having to do, in one way or another, with the provision of pharmaceutical services, our association has attempted to factually relate the dollars and cents effect of the federal sales tax on drugs. We have pointed out that the application of the eleven per cent tax—a highly improper tax on illness—cost the ill and diseased over $14 million in 1964. Now, with increased utilization of health-restoring pharmaceutical preparations, it can be assumed that the new twelve per cent levy, if not abolished immediately, will constitute at least a $16 million portion of their prescription drug dollars during 1967. Added to this will be the multi-million dollars effect on those drug preparations which the individual may purchase for purposes of self-medication.

That outlines the situation very clearly in relation to the mini-budget.

Many speakers have referred to housing or the lack thereof. I am pleased that the Minister of Labour (Mr. Nicholson), who is directly responsible for C.M.H.C, is now in the

house. We have heard a great deal about the serious housing situation in Toronto. This situation is also in existence in other major cities in Canada.

Recently a conference on housing was held in Regina. This conference was attended by the Minister of Labour. Actually this should have been headed a conference on the lack of housing because that was the subject under discussion. Also in attendance were the mayors of several cities, town officials, reeves and councillors. They all wanted information about how to obtain more housing loans.

An article which appeared in the *Globe and Mail* on January 5, 1967 was of particular interest to those who attended this conference at Regina. I should like to read briefly from this article which states:

> Canada's housing program, both public and private, is a failure. Experts have different opinions on what to do about it. But almost all of them—public enterprisers, private enterprisers and middle-of-the-roaders—agree that the housing program has failed in the following ways:
>
> Housing construction is falling behind the population increase. Fewer than 135,000 dwellings were started in 1966. H. W. Hignett, President of Central Mortgage and Housing Corp., said there should have been 150,000. He warned that 170,000 will be needed this year for new households, new Canadians and replacements for worn-out housing. Chances are that the number will be much less than that.
>
> Housing is not being built fast enough to substantially reduce the backlog of slums and overcrowded dwellings.

There was a great deal of interest in that article at the Regina conference and it certainly sets forth the feelings of those people in attendance.

Let me now refer to some suggestions in this article regarding what can be done to relieve this housing shortage. It is suggested that the following should be done:

> Create federal and provincial ministers of urban affairs and housing. Draw up a clear list of goals.
>
> Launch industrialized mass-production housing at once, with standardization of parts and plans, but provision for variety to avoid monotonous ugliness.
>
> Greatly step up production of public housing. Acknowledge that housing is a public utility. Mix income levels. Try to avoid ghettos for the poor.

There is one suggestion in this article which refers to something already being attempted near Ottawa. This is suggested to overcome the difficulties involved in crowded urban centres. The paragraph states:

> Plan balanced satellite towns near metropolitan areas, to contain houses, apartments, stores, industries, ample playing space; schools, churches, community centres, social services; transit links with downtown.

That may sound a bit far-fetched but it is something to be looked for in the future as a means of avoiding overcrowded city conditions.

The National Home Builders Association made certain suggestions to offset the mounting cost of home production, one of which was to exempt from sales tax, building materials on residential construction just as is done in the case of schools, universities and public libraries. That association also suggested as an incentive to home building the deduction from income tax of municipal taxes and of mortgage interest. It may not be feasible or practical to allow the entire amount to be deducted, but a deduction up to a certain limit would certainly be of assistance to home owners.

I should like to read one paragraph of this challenging program of the National Home Builders Association. It states:

> Economists maintain that the industry should be increasing its production each year until it has reached a capacity of some 200,000 units per annum by the mid-70's. It is difficult to see the industry being able to gear itself to this production unless some method is found to assure a steady supply of mortgage funds.

At the Regina conference reference was made to a new method of apartment ownership. Under this arrangement apartment occupants actually own the building, pay taxes and operating costs. This type of project has been in existence for some time in Canadian cities, notably in Vancouver. Perhaps this would be the answer to the problems facing members of parliament who wish to obtain accommodation within a reasonable distance from the parliament buildings. I hope the Minister of Labour will give some consideration to this suggestion. It may well be that enough members are interested in such a project that an apartment block under this ownership arrangement could be constructed as a centennial project.

In a recent survey conducted by the publication "The Independent Businessmen" the following question was asked: Has tight money touched your business? The answer was: "Yes, 57 per cent; no, 39 per cent; no opinion, 4 per cent. This particular survey was taken last February but I believe the same answers would be given today, perhaps with the larger percentage in the "yes" column with regard to the effect of tight money on their business.

The Budget—Mr. Pascoe

• (9:20 p.m.)

I have a letter here from two young people who displayed great initiative and self reliance in starting a poultry farm. They have written about their difficulties in obtaining financial help to expand their operations. I will not read the letter. I will just say that they were told by various people that both the federal and provincial governments were backing the poultry industry and therefore they attempted to find out just where and how such help could be obtained. However, they have not been able to find any government agency which would help them to expand their business. They have asked for any arrangement which could carry them through until July, when their new flock of chickens will be producing. They said they had ample markets for all they can supply, including a contract for 1,800 dozen eggs per month and another for 1,000 dozen eggs per week in June or July. They asked where they could get help.

I have suggested to these young people that they should contact a branch of the Industrial Development Bank. I believe that the I.D.B. can help them in financing this project, and if not I believe that there should be some changes made in the set-up to make this possible, because these young people are looking for help, they are ambitious and certainly have the background for operating this sort of enterprise.

There is another point which I should like to make, Mr. Speaker, and to which I should like to draw the attention of both the Minister of Finance and the Minister of National Revenue (Mr. Benson). It concerns the high valuation placed on farm land for estate tax assessment upon the death of the owner. I have taken up this question more than once with the Department of National Revenue.

Estate tax valuations of $125 to $150 an acre on farm land which was the deceased person's original homestead, or which may have been purchased by him a few years ago for $25 to $30 an acre, appears to be a capital gains tax. I do not believe the government has as yet adopted a policy for the imposition of a tax on capital gains. The valuation on farms for estate tax purposes appears to be very arbitrary and final.

These valuations do not always appear to be equitable. I have drawn to the attention of the Department of National Revenue three cases in a little over a year where the estate tax valuations on three farms in the same area were set by the department at assessments ranging from $85 an acre to $125 an acre for what would be considered to be the same kind of land.

The particular point I want to emphasize in these estate tax valuations concerns the preservation of the family farm. Consider, for example, an 800-acre farm which has been built up by a farmer in the expectation that his son will carry on. In one case I have in mind the son is actually operating a farm owned by his father. The father has died. The estate tax valuation on the 800 acres is $125 an acre. This amounts to $100,000. The widow benefits by an exemption of $60,000 but the estate tax levy on the remaining $40,000 could well be such as to force the widow to sell the farm in order to pay the tax, thus removing the farm from family operation.

I suggest that the government should lighten this burden by lowering the estate tax valuation on farm land. I contend this should be done at least where a son or a daughter is taking over the land from the father. Such a policy is essential if family farms are to continue.

My main concern, as I have indicated, is with regard to these high estate tax valuations on farm land. Perhaps I should take this occasion to put on record suggestions from influential sources that the estate tax should be abolished. I am referring to an editorial which appeared in the Regina *Leader Post* of November 25, 1966 headed "Tax on Estates Should Go". I think this editorial will commend itself to the government because it was discussed at the provincial Liberal convention in Saskatchewan which expressed the opinion that the levy should be abolished. I will quote one paragraph from the editorial, which reads as follows:

> Spokesmen for the farm interests gave strong support for the proposal. Eventually a resolution was passed which requested either the elimination of this tax, or a reduction in the size of the slice the state takes out of taxable estates.

Again I will draw the attention of the government to the fact that this was passed by the Liberal association at its convention in Saskatchewan.

In the same connection I wish to refer to the 1966-67 statement of policy announced by the Canadian Chamber of Commerce, which I believe is very influential and has the ear of the government. Rather than paraphrase what they said with regard to the estate tax I

should like to put on the record the verbatim text of their statement:

Among the criteria generally employed in evaluating a tax are its revenue producing character and its effects on the growth of the economy. A strong case can be made for the abolition of the estate tax on this basis.

As a source of revenue the estate tax was estimated to yield in the fiscal year ending March 31, 1966 only 1.4 per cent of total estimated federal budgetary revenue. The income tax, on the other hand, yields approximately 50 per cent of total revenue and the sales tax nearly 20 per cent. Of all the different types of federal taxes levied, the estate tax yields the least.

With regard to the effects of this tax on the economy, to the extent that it discourages the accumulation and retention of capital in Canada which would be available for equity investment, it has a depressing effect on the rate of economic growth. On the positive side, it is, today, clear that the repeal of this tax would be the greatest attraction to permanent equity capital that we could devise.

I should like to draw this to the attention of the Minister of Finance because essentially it is in accordance with what he preaches. It goes on to read:

With respect to incentives, the effect of the tax is difficult to determine but in various cases the tax obviously acts as a deterrent to saving, and through this, capital formation. It has undoubtedly encouraged estate planning and the development of increasingly sophisticated and successful devices to avoid both its impact and the onerousness of its administration.

At a time when the federal government it trying in other ways to discourage the sale of Canadian business to foreign owners, the impact of this tax, particularly on small and medium sized business, is to force such sales in ever increasing numbers to the detriment of both Canadian ownership and our balance of payments.

The following is a recommendation of the chamber of commerce:

In view of the adverse effect of the estate tax on the economy, and the relatively small amount of revenue produced by this tax, it is recommended that the estate tax be abolished.

The following is an excerpt from a letter which I received from the editor of "The Independent Businessman".

Here's our latest issue. I hope you will be interested in our story on the front page telling how the anticipation of succession duties is preventing the expansion of one company.

It is unfortunate that a tax, which is unproductive, should prevent productivity.

I think these quotations certainly emphasize what I was trying to say.

• (9:30 p.m.)

I agree with earlier speakers that the mini-budget was not necessary but was rushed in at the last minute because a budget had been promised by the Minister of Finance. The 1 per cent increase in sales tax, from 11 per cent to 12 per cent, has raised the cost of living. The minister admitted this in his budget speech. The sales tax increase would not be necessary if the amendment before us were adopted. It is for this reason I support the amendment, Mr. Speaker.

Mr. J. R. Keays (Gaspé): Mr. Speaker, I could not feel the least bit antagonistic to the government at this time because a few minutes ago I saw the hon. lady member for Westmorland (Mrs. Rideout) sitting with the hon. member for Saint John-Albert (Mr. Bell). I know they were talking over the events of the last few days. I should like to tell the hon. lady, however, that I watched her on television a few nights and I thought she was doing a wonderful job for a lost cause. If they had more people like her, possibly the results would have been a little more favourable for her party.

However, all those who have participated in this debate brought about by the mini-budget presented on December 19 have stressed the futility of this exercise, and I do not intend to pursue it any further. It would have been much better if we had had a statement from the minister dealing with our financial conditions. This would have given us an opportunity to assess the situation and bring forward suggestions for measures which could have been undertaken to assure the continued growth of our economy and to reappraise the measures which we now have for increasing productivity. These measures would have been assessed then in a positive way, instead of in the negative approach this government has taken since the budget of last spring to offset these elements in our economic life which have tended to strangle progress and development.

It would have been much better if the Minister of Finance had re-read his budget speech of last spring and removed some of the restraining measures which he applied to our economy and which, in his own words, would have been those which tended to have inflationary effects. The monetary situation has been getting worse, with tight money being the major cause of the lack of increased productivity. Certain taxes have tended to discourage increased production, and here I refer to the sales tax on building materials and production machinery. I believe the minister will admit that if positive measures had been taken, such as the removal of the sales

tax on building materials and the advancement by six months of the removal of the tax on production machinery, many of our firms who have today curtailed their development programs would have gone ahead with their plans.

The minister knows quite well that a company with plans on the drawing board usually schedules its developments for execution in a definite period, and only those firms that have sufficient capital can go ahead with their plans. Others are being restrained and in many cases, as the minister will eventually find out, the curtailment of their plans will probably lead to a definite cancellation, thereby reducing their productive capacity.

In so far as the sales tax on building materials is concerned, it is quite evident that the removal of this tax would not have placed any additional burden on the manufacturers of these materials. We could have had a specific reduction in the price of these materials because of the ample supply and the ever increasing consumption of them. There was more at stake in this than simply a monetary measure, because this government has forgotten that the consumption of this material would have been in the formation of housing units which were a necessity to thousands of low income people in this country.

As most speakers have already mentioned, if positive measures had been taken to encourage the building of housing units we could have contributed to the elimination of suffering and delinquency. Moreover, such a step would have contributed in a positive way toward the construction of recreational facilities near the housing units, and the children of these low income families would have been able to fraternize and know each other better, thereby contributing to a will and a desire for a better life.

While I am on the subject of the 11 per cent sales tax on building materials, I believe it would be proper to discuss the discrimination which I believe exists now in the imposition of the sales tax on these building materials. A retailer pays the 11 per cent sales tax on building material based on the manufacturer's cost, but the same retailer selling lumber for the same purpose has to pay the 11 per cent sales tax on the retail price. Admittedly, it is not the retailer who suffers but rather the consumer. This has the additional effect of increasing the cost of housing in the way that I have already described as utter discrimination.

[Mr. Keays.]

I wish the minister would take into account these questions which I am now raising and inform the house of his reasons for allowing the continuation of this situation. For my part, I cannot find any justification for this discrimination because I accept the principle that the taxation of these commodities should be on an equal basis, and that one product in a certain category should not carry a heavier charge than another. I intend to raise these questions again at some future time if answers are not forthcoming from the minister. In order to balance the economy it is necessary for the monetary and fiscal policy of the government to work hand in hand. I can see that the government has paid only lip service to this basic requirement.

• (9:40 p.m.)

On many occasions the government has suggested that it will be necessary to curtail its own spending on capital projects. Mention has been made of the cancellation of an expenditure of roughly $100 million by the Department of Public Works. I shall be very interested to see, when the details of the estimates appear, which expenditures have been curtailed by the department. I notice the Minister of Public Works (Mr. McIlraith) is taking quite an interest in my remarks, and I know he has the welfare of all Canadians at heart. I wonder whether he has had much to do with any curtailment or reinstatement of expenditures in his department.

It is wonderful to be able to plan construction and to develop a national capital, Mr. Speaker, but was it not premature to begin construction of the centennial arts centre without first knowing its fabulous cost? Other statements have been made recently in connection with the construction of other buildings in the national capital zone, and although I would be the first to suggest that these buildings are needed by the administration, I doubt whether it is necessary to undertake them at a time when the government believes that curtailment is still required in order to defeat inflationary pressures. It seems to me that the government's statements in this regard are contradictory. Perhaps they prefer to remain blind to the proper means for eliminating these inflationary pressures on the economy.

Notwithstanding statements which we have heard in this house, Mr. Speaker, the economy of this country is not as buoyant as we have been led to believe. Looking ahead a few months to the completion of many major

projects in Canada we can well ask ourselves where our people are going to find employment. Signs are already evident that the pace of the economy is slowing down. It is time for the minister to reassess the situation and perhaps consider the disbursement of the refundable tax collected under the terms of our last regular budget.

The elimination of the sales tax on building materials, as I have already said, would accelerate to some extent the construction of homes so badly needed in this country. With the backlog that is now evident and with the normal requirements of the year, the government has a tremendous task on its hands to encourage private industry to invest its money in the mortgage market and to get small investors to reactivate their capital.

When we consider, Mr. Speaker, that billions of dollars in savings accounts across the country could be used to greater advantage both to depositors and to the economy, I fail to understand why a program of information cannot be undertaken to tell these depositors of the advantages of investment in the housing field. Far be it for me to say that some of this money is not being used to advantage by the banks for lending purposes, but there is still room to encourage a substantial amount of these deposits to be used to the benefit both of investors and the general economy.

The government seems fearful of inflationary pressures, Mr. Speaker, yet it is contributing to the prolongation of the period of inflation every day that it fails to take steps to correct the housing problem. It is evident that if we are called upon to perform in 12 months what should normally take 30 months we are going to put some additional burdens on our manufacturers, on machinery and on the labour required for our housing construction plants. In this way we will have too many people chasing too few materials and too little labour, thereby causing inflationary pressures on the economy.

The increase of 1 per cent in the general sales tax has also had the effect of increasing the cost of goods at a time when we should be concerned with the problem of reducing costs. The additional amount of $120 which the government is going to extract from the taxpayers is again threatening to kill the chef that serves the main course.

Private enterprise and initiative has been the cornerstone upon which this country has been built and has prospered. It is time that we began to ask ourselves if we have not reached saturation point in the matter of taxation of the individual and of the corporation. What initiative is there for progress, for increased productivity and for the welfare of employees when systematically in every budget we seem to wish to take a little more from the corporations?

It is true, Mr. Speaker, that government expenditure has to be met by taxation. So has the cost of social measures. But do we have to do everything within a given period? Is some planning not possible whereby some public capital expenditure is delayed or spread over a longer period, thus giving a chance to industry to have a few years respite from extra taxation in order that it may make a larger contribution to the development and advancement of our country? Spending at all levels of government is such that every Canadian is being taxed way beyond his means to pay. Also the period for which we are mortgaging our revenue is getting way beyond any rational planning.

• (9:50 p.m.)

The very first day of confederation was founded on the wish and will of every father to embark on a pilgrimage, to erect a solid basis for our future. That was private enterprise. Let us not now falter and embark on a system destined to bring misery, unconcern, and evil to this way that has brought us through the first hundred years.

There is room for improvement. Let us improve this system. Let us rededicate ourselves to the vow, to the initiative, which will reward our personal wishes, which will be to the welfare of our country and will be to the benefit of the path we all pursue.

Private enterprise needs encouragement; corporation taxes need to be eased. We always look to corporations to fill the gap when we need taxes. These words I feel are noteworthy, and I feel depict the argument I have tried to advance.

Corporate profits as a whole clearly have not gone ahead of economic growth. They have lagged, if anything; they have not kept pace with the increase in labour income. Manufacturing profits lagged appreciably last year, the most profitable year in our history. Those profits trailed, reflecting the intensified cost price squeeze that has become more acute than ever. This has not stopped Ottawa from taxing profits more heavily in 1965 than in 1956. The investment of manufacturing industries in new plant and machinery has risen more rapidly than its profits have risen. In

1965, as in 1956, total outlays came near to equalling industrial profits before taxes. Those investments are nearly double the profits, after taxes. Some of this investment represents newly raised capital, financed out of retained earnings. In other words, it is that part of profits not distibuted to shareholders as dividends.

There is no question that corporate profits in this country at this moment are reasonable, and that the shareholder has a right to share in this income. Let us be aware of overtaxing corporations, because in taxing private industry we tax the individual who contributes to the capital needed by corporations, needed for the development of industry, for the increase of productivity, and to offset the cost of living. The investments of the individual make our corporations competitive and satisfying.

I have but one wish. I wish that the government would become more realistic and see in the amendment moved by the hon. member for Perth (Mr. Monteith) the warning signal that a new look must be taken at the government's policies. We must implement measures while will encourage industry, not discourage it; which will activate, not slacken and which will incite and not weaken the will of the individuals who are the pillars on which rests our future.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, my speech in this debate will be as relevant as the rest have been. It will have something to do with the budget, something to do with estimates and a great deal to do with government finance. I do not have much time this evening, and I will simply introduce the aspect of the subject I want to deal with, the federal government's role in the financing of universities, and research in Canada.

When the estimates are presented to us soon for the next fiscal year, the large amount for university grants, included in last year's estimates, will be removed. In that regard I think this government has made a regrettable decision.

Hon. members will recall that on October 31 last the Minister of Finance speaking for the Prime Minister—this was just following the tax-sharing agreement conference with the provincial premiers—announced the federal government's intentions concerning university grants, technical and vocational education, and adult education. He announced that the federal government was getting out of the field of university financing; that it would transfer four points of personal income tax and one point of corporation income tax

to the provinces, and let them do the job the government had done before.

The same thing held true for vocational and technical education. At the same time there was staked out a field in adult education, which was defined. I am glad to see the hon. member for Sherbrooke (Mr. Allard) is here this evening. He is interested in the question of education and the federal government's role in it. I hope he will be here tomorrow when we continue.

May I call it ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

EXTERNAL AFFAIRS—VIET NAM—REQUEST BAN ON ARMS SHIPMENTS TO U.S.

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, on January 18 last, in this house, I stood for discussion on an adjournment motion the following question, and I quote:

> Since our sales of arms to the United States seem to have increased by 82 per cent in 1966, is it not the government's intention to ask for some changes in the Canada-U.S. defence production sharing agreements, so that our claims for peace in Viet Nam would not be merely rhetorical and our participation in the International Control Commission would be more consistent and effective?

According to recent statistics, in 1966, the United States has placed orders totalling $300 million for arms to be manufactured in Canada, while Canada has placed orders for an equal amount of U.S.-made arms.

The increase in United States purchases in Canada is explained by the Viet Nam war. A good part of the expenses is for aircraft, electronic equipment and explosives.

Such exchanges of arms and of manufacturing originate from a 1959 Canada-U.S. agreement on armament. From then to last September, the United States spent $1,430 million in Canada, as compared to $1,230 million agreed to by Canada.

What are the implications of such military transactions between the two countries on Canada's military and diplomatic policy?

Facts show two things. First of all, our ties with the United States are sweeping us in the wake of American policy, on the military,

diplomatic and economic fields. Second, our diplomatic policy does not always reflect our military policy and our economic interests.

On the diplomatic front, at the international level, Canada is seen as the promoter of peace. It often offers itself as a mediator. It makes many efforts, secretly and publicly, toward a peaceful settlement of the war in Viet Nam. Together with India and Poland, Canada is a member of the International Control Commission in Viet Nam. Within international organizations, Canadian representatives condemn war, deprecate poverty in all forms and advocate aid to underdeveloped countries.

Those are surely fine gestures, Mr. Speaker; but, on the other hand, we let the United States use Canadian made weapons in Viet Nam. Such an illogical action might embarrass us greatly and reduce, on the international level, our influence and our role as peacemaker.

Of course, we are bound to the United States by defence sharing agreements. But such an exchange of arms should be used exclusively for the common defence of the North American territory and our other joint undertakings under NATO and the United Nations. We should not get mixed up in this way with military and diplomatic objectives of the United States which are strictly their own.

That is why we should know from the Secretary of State for External Affairs (Mr. Martin) whether, on account of the presence of Canadian arms in Viet Nam, the letter or the spirit of the 1959 agreements between Canada and the United States have been violated. Otherwise, the Canadian government should ask for a proper review of those agreements right now so that our position does not appear so contradictory and controversial to Viet Nam.

[*English*]

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the first observation that I think should be made about the question asked by the hon. member is that the facts cited by him in his question were refuted in the answer given to a question placed on the order paper. That answer is to be found at page 12520 of *Hansard*.

The basic issue involved in this question is not limited, as I am sure the hon. member would like to limit it, to what is the balance sheet of operations between Canada and the United States with regard to Viet Nam; rather it extends to the total of relationships between Canada and the United States in the entire context of the western alliance.

That alliance was formulated many years before the present involvement of the United States in Viet Nam. It is the hope of this government, and I would hope of the hon. gentleman also, that this alliance will continue unimpaired after the present hostilities in Viet Nam have been brought to a peaceful conclusion. Let me interpolate at this point that every diplomatic effort on the part of the government of Canada has been pressed toward a peaceful conclusion of these hostilities.

What is really involved in this suggestion is whether Canada should, for the reasons cited by the hon. member, throw over or risk throwing over the efficacy of the NATO alliance. The suggestion made by the hon. member that the government should take this action is not a new one. It has been made by a number of thoughtful Canadians who are concerned about the current conflict in Viet Nam. Only recently a group of university professors made representations to the government about this matter and some of their representatives had the opportunity of discussing it with the Prime Minister (Mr. Pearson) and the Secretary of State for External Affairs (Mr. Martin).

The Prime Minister explained to these representatives that the government, while it understood and had sympathy with their concern about the war in Viet Nam and their desire to bring it to an end, could not agree with the request that Canada impose a ban on arms shipments to the United States until the end of that conflict. You will recall, Mr. Speaker, that the Prime Minister referred to these matters in the house on January 19, and in his statement he made it very clear that the export of arms and defence equipment to the United States is covered by our defence production sharing agreement with that country, and that it is not the government's policy to stop the export of defence equipment to our NATO allies.

No commercial exports of any kind from Canada to the United States have been prevented by government action, in accordance with long-standing practice, and I suggest that reflects the principle of the open border with respect to export controls between our two countries, so that no licences are required for the export of any Canadian goods to the United States.

Proceedings on Adjournment Motion

May I point out in conclusion that there have been no direct shipments of armaments of any kind to Viet Nam from Canada.

[*Translation*]

BROADCASTING—REQUEST FOR REVISION OF POLITICAL BROADCAST REGULATIONS

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I thank the hon. member for Bonaventure (Mr. Béchard) for being kind enough to stay a little later than usual, even though some friends from his riding have come to see him about the return to Gaspé of *La Grande Hermine*. I appreciate the gesture of the hon. member to whom I am putting my question, and I ask him to kindly submit it to the minister concerned.

Mr. Speaker, Mr. Jean Pouliot, of the Canadian Association of Broadcasters, recently submitted a brief to the parliamentary committee on broadcasting on behalf of the organization of which he was the spokesman.

Among the interesting suggestions made by Mr. Pouliot, some dealt with possible amendments to the Broadcasting Act which, as is well known, is old and obsolete and contains undescribable anachronisms. Such anachronisms occur particularly in sections 17 and 18 of the act concerning political broadcasts.

It is a known fact, Mr. Speaker, that private stations, particularly private television stations, are hesitant to carry such programs because, according to many, political broadcasts lack animation and colour. They are likely to reduce the number of viewers, or "ratings" as we say in French. Thus, very little sympathy is shown for political broadcasts, for which the broadcasters must not be blamed.

• (10:10 p.m.)

This is partially explained because the act is not too good. Clearly, it is an old act that has not been brought up to date for years. And while dramatization is mentioned, there is no definition of dramatization. The word is simply there, without its meaning being specified. As a result, the private stations are concerned about dramatization and will not grant political broadcasts any latitude, a latitude that would enable them to become much more interesting and to reach the public much more easily.

The first suggestion I make to the minister, through his parliamentary secretary, is that the term "dramatization" should be clearly and well defined so that we know once and for all what that means, and in what framework a political program may be presented. Private television stations have a much higher rating than C.B.C. channel 4, in Quebec city, as well as channel 10 in Montreal have certainly more viewers than the C.B.C. Then—

[Mr. Macdonald (Rosedale).]

Mr. Allard: Channel 7 in Sherbrooke.

Mr. Choquette: And channel 7 in Sherbrooke—I thank the hon. member for having mentioned it—has a higher rating than C.B.C. Now as the private stations have no political programs, politicians are unable to reach the general public.

And forcing private stations to have free broadcasts, that is almost impossible, and as Mr. Pouliot said in reply to a question of mine: We have expenditures to meet and we cannot afford to offer that free of charge, to put free broadcasting time at the disposal of politicians. The C.B.C. does it.

Mr. Speaker, what I would suggest is that the state should subsidize the private stations to allow them to broadcast political information on the same basis as the political broadcasts made by the C.B.C., that is to say private stations should also have political broadcasts subsidized by the state. One might say: Where will the money come from? We could start by saving money at the C.B.C. The time has come to appoint the president of the C.B.C. and I hope that the man chosen will be a real administrator. When it is realized that programs such as the one dealing with the Munsinger affair cost millions of dollars, that the one on the von Thadden affair cost thousands of dollars and that René Lévesque was sent to interview a premier in Paris when the C.B.C. already had a correspondent there. The C.B.C. is overdoing it and if it had a competent administrator we could save enough money to subsidize the private stations which could allow politicians free broadcasting time. It is almost unbelievable that politicians cannot use private stations to broadcast their message as they have every right to do. Those are the grievances I wanted to call to the attention of the hon. member for Bonaventure to whom I wish much success in his efforts with the mayor of Gaspé to get the *Grande Hermine* back to Gaspé.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I would first like to offer my sincere thanks to my friend, the hon. member for Lotbinière (Mr. Choquette) for supporting, along with many other hon. members, the repatriation of the *Grande Hermine* to Gaspé.

Mr. Speaker, anyone who knows how cool and quiet the hon. member for Lotbinière is when appearing in political television programs or elsewhere, will not be surprised at the protest he voices against this anomaly contained in the Broadcasting Act, with respect to political programs.

Since it is my duty to defend the act, I must say at this point that, in my opinion, the tragedy of political broadcasts has not been criticized very much by the Canadian Broadcasting Corporation or the public, when one thinks of the supersaturation of programs across Canada, particularly in the province of Quebec and in some other areas. I am referring to certain hon. members very well known to everyone here; I should like to mention the hon. member for Villeneuve (Mr. Caouette) for instance, simply in order to point out that I feel the act leaves quite a lot of freedom in this regard.

However, I agree with the hon. member for Lotbinière when he says that private stations should receive certain grants in order that political parties may make their policies known through more widespread broadcasting facilities.

I will convey with pleasure to the Secretary of State (Miss LaMarsh) the remarks the hon. member for Lotbinière made tonight and which I feel, are most appropriate.

As the hon. member for Lotbinière knows, an amendment to the Broadcasting Act will soon be introduced, if not by the end of this session, at least at the beginning of the next one. I trust this amendment will be satisfactory not only to all the members but also to all who, throughout the country, stand for justice and freedom for all citizens.

[*English*]

NORTHERN AFFAIRS—DEPARTMENT PRESS RELEASE ISSUED BY MEMBER FOR ST. JOHN'S EAST

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, this afternoon I asked the Minister of Indian Affairs and Northern Development a question regarding a press release issued by his department under the name of a private member. Very often that type of question is taken as an accusation, and I am sure that some of the minister's colleagues assumed that because I asked the question I was implying, first that the minister was wrong, and second, that I would not have done it myself in his position. I did not intend to leave that impression. We sometimes say in legal terminology that to cross-examine does not mean to examine crossly.

Quite the contrary, at times I am sympathetic toward the idea that recognition should be made of the services of private members in announcements of this kind. As an example let me refer to the proposal put forward by the Secretary of State regarding the presentation of centennial honours by private members in their constituencies.

At this time I should like to know whether there has been a change in policy, a new policy adopted, or is this a specific and isolated case. This is only one announcement I selected from a number I receive in my mail every morning. This is the first I have seen of this particular type and I wonder whether some change in policy has been made.

So far as the reference today by the Prime Minister to the policy of the then Mr. Walker, now Senator Walker, a former minister of public works, let me say that he followed a similar course. He did at times give recognition to private members in this way. Even then I was not sure what the exact policy was.

If this is a new policy I should like to know how far it extends and under what conditions the names of private members will be associated with announcements in respect of public projects. I feel this does involve a matter of policy, rather than the isolated recognition of a particular private member for some reason. I would appreciate some advice from the minister regarding this matter, and I should like to know whether this policy will apply only to members on the government side or to other private members as well.

Mr. Knowles: After all, there are more of us on this side.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): I should like to thank the hon. member for his remarks and particularly for abandoning the acerbity with which he asked the question this afternoon. Apparently he has had second thoughts. Let me assure him there is no policy in this regard. The hon. member for St. John's East (Mr. O'Keefe) worked so hard on the Signal Hill project I thought it only fair that his name be associated with the announcement in respect of the contract.

The hon. member has suggested that this is the first time the government has embarked on such a policy. I had occasion to check

through only the past press releases of my department, and found many similar cases in days prior to 1963. The first such press release referred to C. J. Oliver Limited of Calgary which was awarded a contract amounting to $107,400 to build a new administration building in Kootenay National Park. This was announced by Arthur Smith who was then the member for Calgary West.

• (10:20 p.m.)

Another one is dated January 4, 1962. It reads:

> The administration headquarters of Kootenay National Park is to be moved away from the Sinclair Creek area of Radium Hot Springs according to M. L. McFarlane, M.P., for Kootenay.

Another one reads:

> A contract valued at $437,585 for the supply of 169 buildings, to be erected in communities in the Northwest Territories and arctic Quebec, has been awarded to Dalite Corporation (Canada) Limited, Toronto, it was announced by Miss Margaret Aitken, M.P. for York-Humber, on behalf of Northern Affairs Minister Walter Dinsdale.

In another one Mr. Arthur Smith, M.P. for Calgary South announced a building contract of $33,210 had been awarded to Engineered Buildings Calgary Limited, of Calgary for the supply of an office building. Jasper Sedan Chairlifts Limited has been awarded the concession to operate a 3,000-foot-long gondola lift as announced by Dr. H. M. Horner, M.P. for Jasper-Edson. And then Mr. Eldon M. Woolliams, M.P. for Bow River, announced on behalf of resources minister Walter Dinsdale that a $308,826 contract has been awarded.

I have a whole sheaf here and I will make sure that the hon. member gets a copy of them so that he can refresh his memory. It would appear now that he does not wish me to embark upon this program—

Mr. Aiken: I would like the minister to answer my question.

Mr. Laing: —because he is afraid that I would permit one good habit to corrupt the world. I have been as fair to hon. members on the other side of the house as any minister. On the occasion of the opening of the Pine Point railway I asked the hon. member for Peace River (Mr. Baldwin) and the hon. mem ber for Athabasca (Mr. Bigg) to accompany me. Some time ago we announced the opening of a penitentiary. At that time we may well have associated the name of the hon. member for Bow River (Mr. Woolliams). We will consider each of these on their own merits and we may be making announcements through the member in certain instances. This will not be a definite policy, but we will take them as they come.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, February 8, 1967

The house met at 2.30 p.m.

JUSTICE AND LEGAL AFFAIRS

Fourth report of standing committee on justice and legal affairs—Mr. Cameron (High Park).

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

HOUSING

TABLING OF NEW RENTAL SCALE FOR PUBLIC HOUSING

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, with the permission of the house I should like to table a new rental scale for public housing in Canada; and I suggest, if the house is agreeable, that it be appended to *Votes and Proceedings*.

I am not going to make an extended statement, but I think I should say that a number of provincial governments have expressed concern about the rent to income scale for public housing that has been in force in Canada without material change since 1962. Central Mortgage and Housing Corporation has given careful consideration to the matter, and the rent to income scale that I ask leave to table is the result. It provides for reductions in rent averaging $16 per month per unit.

I might say, Mr. Speaker, that Ontario, the province most directly affected by the new scale, agrees with the new scale and proposes to introduce it; and as I understand it, the responsible minister is tabling it this afternoon in the legislature in Toronto. The new scale is available immediately to all provinces wishing to adopt it in public housing projects.

Mr. Speaker: Does the house agree to appending the document to which the minister referred to *Votes and Proceedings*?

Some hon. Members: Agreed.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

INDIAN COMMUNITY DEVELOPMENT OFFICERS

Question No. 2,123—**Mr. Howard:**

1. How many community development officers are employed in the service of the government of Canada?

2. Of these, how many are (a) of Indian status (b) of Indian origin, (c) of non-Indian origin?

3. What is the salary paid to such officers and if the salary varies, how many such officials fall within each salary group by the categories (a), (b), and (c), in part 2 hereof?

4. How many assistant community development officers are employed in the service of the government of Canada?

5. Of these, how many are (a) of Indian status (b) of Indian origin (c) of non-Indian origin?

6. What is the salary paid to such assistant officers and if the salary varies, how many such officers fall within each salary group by the categories of (a), (b), and (c) in part 5 hereof?

7. Have any community development officers resigned and, if so, how many and what reasons were given in each case?

8. Have any assistant community development officers resigned and, if so, how many and what reasons were given in each case?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. 32.

2. (a) 3; (b) 0;** (c) 29.

3. (a) 1, $7,340 to $8,096; 2, $8,363 to $9,508. (b) 0. (c) 2, $6,206 to $6,962; 4, $6,804 to $7,497; 1, $7,340 to $8,096; 9, $7,696 to $8,777; 6, $8,363 to $9,508; 7, $9,127 to $10,653.

4. 18.

5. (a) 18; (b) 0;** (c) 0.

6. (a) 17, $4,434 to $5,052*; 1, $2,961 to $3,456. (b) 0. (c) 0.

7. There have been three resignations by community development officers and the reasons given were: in one case to pursue further studies and in two cases personal reasons.

8. No.

* As a result of the classification conversion program these salaries may be increased if the incumbents qualify to fill the established positions as amended. The salaries of this group, effective from October 1, 1965, would then be $4,627 to $6,085; and effective from October 1, 1966, $5,085 to $6,693.

** The term "of Indian origin" has been interpreted as "of Indian origin but not of Indian status."

COMMUNITY DEVELOPMENT OFFICERS

Question No. 2,177—**Mr. Howard:**

1. What is the name of each community development officer in the employ of the government of Canada, and upon what date was each appointed?

2. What is the name of each assistant community development officer in the employ of the government of Canada, and upon what date was each appointed?

Questions

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development):

1. Community development officers

Name	Date of Appointment
Mr. R. G. Helbecque	30-6-65
Miss M. M. Gillis	1-3-65
Mr. J. E. McLaughlin	17-6-65
Mr. G. Rouleau	29-9-66
Mr. M. Coquet	13-8-65
Mr. J. N. M. Samson	21-3-66
Mr. G. T. Gambill	3-8-65
Mr. W. McFarlane	2-8-66
Mr. R. W. Priestman	1-12-65
Mr. G. Grant	5-4-65
Miss F. Y. Osborne	15-2-66
Mr. P. W. Smith	15-7-65
Mr. J. K. Johnston	1-9-65
Mr. I. Beaulieu	2-7-65
Miss M. M. Stott	1-4-65
Mr. G. C. Crockett	1-3-65
Mr. Z. Leszczynski	1-3-65
Mr. N. Gutnick	1-4-65
Mr. W. O. Lee	17-5-65
Mr. K. D. Uppal	5-7-65
Mr. A. Spence	1-10-65
Mr. T. R. Kelly	5-5-65
Mr. E. G. Russell	24-7-66
Mr. W. J. Wacko	26-2-65
Mr. G. Stewart	30-7-65
Mr. A. J. Karch	30-7-65
Mr. B. G. Holmes	15-12-65
Mr. A. McConnell	8-7-65
Mr. C. Thompson	4-1-66
Mr. R. J. C. Ford	5-4-65
Mr. O. A. Strong	1-4-65
Mr. W. Schroeder	2-7-65

2. Assistant community development officers

Name	Date of Appointment
Mr. A. Metallic	4-10-65
Miss J. M. Hoff	31-12-65
Mr. M. Noganosh	13-12-65
Mr. G. F. Hill	1-12-65
Mr. L. H. Smith	1-12-65
Mr. L. Redsky	1-12-65
Mr. C. Fisher	14-12-65
Mr. G. M. Guimond	10-9-65
Mr. G. Johnston	2-10-65
Mr. J. W. Whitehawk	1-11-65
Mr. W. M. Bellegarde	1-11-65
Mr. W. McDougall	12-10-65
Mr. E. Bellerose	4-10-65
Mrs. G. Mussell	23-12-65
Mr. E. B. Kelly	4-1-66
Mr. G. Manuel	4-1-66
Mr. T. Spinks	4-1-66
Mr. R. F. Joseph	4-1-66

[Mr. Howard.]

AMNESTY TO PRISONERS DURING CENTENNIAL

Question No. 2,281—**Mr. Saltsman:**

In view of the intended visit of Her Majesty during Canada's centennial, does the government intend to grant amnesty to prisoners in federal institutions in honour of the occasion?

Hon. L. T. Pennell (Solicitor General): It is not intended to recommend that amnesty be granted to prisoners in federal institutions on the occasion of the forthcoming visit to Canada of Her Majesty the Queen. Amnesty was granted to prisoners on the occasion of Her Majesty's visit in 1959. However, on that occasion the Minister of Justice stated that, as the operations of the newly established National Parole Board became effective, so that every inmate thereafter would receive detailed consideration, under the process of automatic review, as to his eligibility for release prior to the termination of sentence, it was not anticipated that a general amnesty would be considered on the occasion of visits of Her Majesty to Canada thereafter. It is to be noted that all sentences in federal institutions are now in fact reviewed automatically by the National Parole Board and paroles granted in appropriate cases. Prior to the visit of Her Majesty in Canada in 1964, the Minister of Justice at that time stated in the House of Commons that, in view of the implementation of the Parole Act, it would not be proper that an amnesty be granted on the occasion of that royal visit, and none was granted. For similar reasons, therefore, the government of Canada will not recommend a grant of amnesty in connection with the Queen's forthcoming visit to Canada.

MONEY GIFTS TO FOREIGN COUNTRIES

Question No. 2,393—**Mr. Godin:**

1. During the last ten years, did Canada make any gifts of money to foreign countries?

2. If so (a) what amounts were involved (b) on what dates were such gifts made (c) for what purposes were they made?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): 1. Although Canada has made available contributions in the form of Canadian goods and services to under-developed countries under economic and technical assistance programs, there have been no outright gifts of money.

2. Not applicable.

WINTER WORKS PROGRAM, RIMOUSKI COUNTY, QUE.

Question No. 2,400—**Mr. LeBlanc (Rimouski):**

In 1965 and 1966, in the county of Rimouski, under the winter works program (a) what municipalities submitted requests (b) how many requests were submitted by each of these municipalities (c) how many of these requests were granted (d) what sum was approved for each of these requests and each of these municipalities?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): (a) See following statement. (b) See following statement. (c) All projects submitted are indicated on the statement and all were accepted. (d) The following statement indicates in the first column under (d) the direct payroll cost during the period of the program as estimated at the time of application. The second column under (d) shows the amounts paid in respect of claims received.

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM

ACCEPTED PROJECTS—COUNTY OF RIMOUSKI—PROVINCE OF QUEBEC

(a)	1964-65 (b) & (c)	(d)		1965-66 (b) & (c)	(d)	
Municipality	Projects Submitted and Accepted	Estimated Payroll Cost Approved	Federal Government Payment	Projects Submitted and Accepted	Estimated Payroll Cost Approved	Federal Government Payment
		$	$		$	$
Bic	1	23,000	10,369.19	1	61,844	24,607.58
Biencourt	2	83,487	43,609.79	2	90,000	53,342.03
		15,000	9,023.92		10,000	4,173.26
		98,487	52,633.71		100,000	57,515.29
Esprit-Saint	1	40,000	24,802.73	1	50,000	No Claim
Fleuriault	2	40,000	22,836.16	1	60,000	22,917.12
		35,000	11,928.3			
		75,000	34,764.47			
Lac-des-Aigles	2	100,000	56,368.70	1	75,000	34,463.73
		10,000	No claim			
		110,000	56,368.70			
Luceville	1	20,000	8,051.27			
Mont Joli	1	20,000	16,361.78			
Mont Lebel	1	12,500	7,623.42	1	25,000	15,109.58
Nazareth	4	3,000	1,829.93	2	5,200	2,773.31
		4,000	2,486.99		6,000	1,256.15
		8,000	2,163.02			
		3,200	1,263.71		11,200	4,029.46
		18,200	7,743.65			
Notre-Dame du Sacré-Coeur	3	17,500	10,782.27	4	2,000	No claim
		6,700	3,544.82		10,000	2,333.65
		12,000	4,239.54		6,800	No claim
					15,000	6,063.20
		36,200	18,566.63		33,800	8,396.85
Rimouski-Est	1	23,000	9,478.90			

Questions

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM (Continued)

ACCEPTED PROJECTS—COUNTY OF RIMOUSKI—PROVINCE OF QUEBEC (Continued)

(a)	1964-65 (b) & (c)	(d)		1965-66 (b) & (c)	(d)	
Municipality	Projects Submitted and Accepted	Estimated Payroll Cost Approved	Federal Government Payment	Projects Submitted and Accepted	Estimated Payroll Cost Approved	Federal Government Payment
		$	$		$	$
Rimouski				3	250,000	79,208.34
					84,720	57,374.06
					180,200	120,074.09
					514,920	256,656.49
St. Anaclet de Lessard				2	60,000	22,751.01
					40,000	5,523.54
					100,000	28,274.55
Ste-Angèle-de-Mérici (Parish)	1	50,000	29,943.09	1	50,000	29,827.62
Ste-Angèle-de-Mérici (Village)	2	40,000	26,213.73	1	3,500	2,186.98
		5,500	3,055.91			
		45,500	29,269.64			
Ste-Anne de la Pointe au Père	1	16,000	6,025.04	1	20,000	9,329.06
Ste. Blandine	2	40,100	19,081.37	1	21,190	9,191.95
		35,000	4,426.40			
		75,100	23,507.77			
St. Charles Garnier				1	40,000	No claim
St-Donat	1	82,000	43,975.01	1	133,400	54,529.09
St. Eugène de Ladrière				1	23,500	7,606.87
St. Fabien	2	4,923	2,744.80	2	57,200	32,376.80
		30,600	23,782.71		11,500	7,237.44
		35,523	26,527.51		68,700	39,614.24
Ste. Flavie	1	3,250	1,268.27			
St. François-Xavier des Hauteurs	1	40,000	23,354.81	1	75,000	14,814.68
St. Gabriel	1	20,000	13,042.02	1	20,000	6,122.98
St. Germain-de-Rimouski	1	6,500	3,914.94			
St. Guy	3	6,500	3,091.05	4	21,300	7,995.78
		2,500	1,480.28		2,500	2,687.59
		10,000	5,565.35		20,000	No claim
					10,000	No claim
		19,000	10,136.68		53,800	10,683.37
St. Joseph de Lepage	1	13,500	7,054.16			

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM (Concluded)

ACCEPTED PROJECTS—COUNTY OF RIMOUSKI—PROVINCE OF QUEBEC (Concluded)

(a)	1964-65 (b) & (c)	(d)		1965-66 (b) & (c)	(d)	
Municipality	Projects Submitted and Accepted	Estimated Payroll Cost Approved	Federal Government Payment	Projects Submitted and Accepted	Estimated Payroll Cost Approved	Federal Government Payment
		$	$		$	$
Ste-Luce	1	16,500	No claim	3	19,380 35,400 24,007	No claim No claim 15,072.81
					78,787	15,072,81
St. Marcellin	1	98,970	40,210.12	1	80,000	23,334.45
St. Mathieu-de-Rioux	1	37,700	20,089.67	2	40,000 12,000	25,483.97 5,439.32
					52,000	30,923.29
St. Médard	1	50,000	29,652.81	1	50,000	No claim
St. Narcisse de Rimouski				1	33,725	15,082.30
St. Odile-sur-Rimouski	1	6,000	3,654.20	1	9,000	2,044.15
St. Simon	2	38,000 9,000	25,140.13 6,237.44	1	73,000	44,642.85
		47,000	31,377.57			
St. Valérien	1	11,160	6,709.69	1	16,000	9,617.39

[*English*]

STUDY OF HALIFAX HARBOUR

Question No. 2,417—**Mr. Forrestall:**

1. Is a land-waterfrontage study of Halifax harbour and Bedford basin presently being carried out by the Atlantic Development Board?

2. If so, what are the terms of reference for such a study?

3. When will it be completed?

4. Will the study be made public and, if so, when?

5. Who is conducting the study?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows: 1. The board has engaged consultants to carry out a study of waterfront land for industrial uses of the Halifax harbour-Bedford basin area.

2. The terms of reference are as follows: 1. The consultant will perform, in a manner satisfactory to the executive director, the following, hereinafter called "the project": Prepare a master plan of land use for the Halifax harbour and waterfront area, as defined in paragraph 2 hereof. For this purpose, the consultant will: (a) examine the role and future of the port of Halifax in relation to the economic development of the Atlantic provinces and to Canada's external and inter-regional trade; (b) carry out an inventory of existing land uses in the waterfront area and assess their present and prospective economic function. The possibility of alternative land uses will also be considered and will include a review of other uses which have been proposed; (c) examine the potential land needs of harbour-related industries in the Halifax area and in particular of industries requiring waterfront land; (d) determine the potential supply of waterfront industrial land. This will involve an assessment of the industrial land presently available within the area and the possibilities of further development by appropriate government agencies and/or private interests; (e) estimate the approximate cost of developing various sites, including the cost of site preparation and layout and the installation of necessary services; (f) make recommendations concerning the extent and location of

additional waterfront industrial land to be developed and the appropriate timing of such development, taking into account such other uses as may be found under (b) above to require waterfront location and the cost of development estimated under (e); (g) make recommendations concerning the desirability of reserving for future industrial development, whether by zoning regulations or other appropriate action, any areas for which such protection appears appropriate; (h) furnish preliminary engineering estimates and make recommendations for any further studies which appear to the consultant to be desirable in order to clarify issues, particularly of detailed engineering problems; (i) submit its final report in a form acceptable to the executive director not later than August 31, 1967; and (j) furnish the board with 75 suitably bound copies of its final report.

2. The waterfront area to be examined extends from Sandwich Point on the Halifax side north to and around Bedford Basin and continuing on the Dartmouth side south to South-End Passage, and includes McNab, Lawlor and Devil's islands.

3. In the performance of the project the consultant will: (a) make use of all existing relevant data and studies available from government and private sources; (b) review the development plans (including urban renewal proposals and transportation plans) of the county of Halifax and the cities of Halifax and Dartmouth as they relate to the waterfront; and (c) maintain continuous liaison with local government bodies as well as provincial and federal agencies, in particular the National Harbours Board.

3. August 31, 1967.

4. After receiving the report, consideration will be given to the question as to whether the report should be made public.

5. Murray V. Jones & Associates Ltd. of Toronto.

PERSONNEL ADMINISTRATION SECTION CHIEF, INDIAN AFFAIRS

Question No. 2,432—**Mr. Orlikow:**

1. Who is the chief of the personnel administration section of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

[Mr. Pickersgill.]

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. William Kenneth Derraugh.

2. Since December 1, 1966.

3. (1) Carleton University, B.A. (2) University Western Ontario, M.B.A. (3) two years Canadian Hospital Association, certificate in hospital organization and management.

4. None.

5. His duties and responsibilities are: "to act as personnel adviser to the director, Indian affairs branch and to provide advisory service to Indian affairs branch officials and staff; to be responsible for providing a general personnel administrator service to the divisions at headquarters and to regional directors; for providing a staffing and staff relations service; for determining and providing for staff requirements in relation to programming; for implementing staff appraisal and career development programs and for determining and providing staff training requirements." Mr. Derraugh reports to the director of Indian affairs.

PROFESSOR TOOMBS—EMPLOYMENT BY INDIAN AFFAIRS DEPARTMENT

Question No. 2,438—**Mr. Orlikow:**

1. Did Professor Farrell Toombs of the university of Toronto work for the Department of Indian Affairs and Northern Development, either as an employee or on contract?

2. If so (a) when and for how long (b) what were his duties (c) to whom did he report (d) is Professor Toombs still working for the department, and if not for what reason?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Yes, on contract.

2. (a) Intermittently from October 8, 1964 to January 16, 1965 and continuously from January 16, 1965 to June 30, 1966. (b) To be responsible for the administration and coordination of fiscal, professional and institutional resources needed to introduce and operate a comprehensive training program in community development for departmental staff; to plan and organize training and screening procedures for new community development staff employed by the department; to maintain close liaison at a senior level with universities and with federal, provincial or private organizations who were current or potential users of community

development staff; to analyse training requirements in Indian communities; to coordinate and direct the preparation of training material in the Indian affairs context; and to perform other related duties. (c) Assistant deputy minister, Indian affairs branch. (d) No, the term of the contract authorized by Treasury Board expired.

CHIEF OF ESTATES DIVISION, INDIAN AFFAIRS

Question No. 2,440—**Mr. Orlikow:**

1. Who is the chief of the lands-membership and estates division of the administration directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. This position is vacant at the present time.

2. N/A.

3. N/A.

4. N/A.

5. N/A.

SUBSIDIES FOR FISHING VESSEL CONSTRUCTION

Question No. 2,442—**Mr. McQuaid:**

1. What requirements must be met before subsidies can be received under the Fishing Vessel Regulations, 1964, by those fishermen who built boats in the 35 foot to 45 foot class?

2. How many inspections have been made in Prince Edward Island of boats in this class to determine eligibility for subsidy?

3. How many inspectors are, or have been, employed in Prince Edward Island to do this work, and who are they?

4. How many inspection reports have been received by the department and of those received how many (a) have been approved for payment (b) have been rejected?

5. Of those approved for payment, how many have been actually paid since February 21, 1966, and to whom have the payments been made?

Hon. H. J. Robichaud (Minister of Fisheries): 1. Vessel to be recommended for subsidy and application made to the federal Department of Fisheries by a provincial loan board under terms of a formal agreement entered into in accordance with the conditions and requirements of the fishing vessel assistance regulations, 1964, under P.C. 1964-855 as amended; vessel to be of approved experimental design reflecting improvement over conventional types for the size class; vessel to meet provincial construction standards and Department of Transport regulations in so far as the latter apply; vessel to be registered with the Department of Transport; vessel to be adequately outfitted and equipped to show sufficient evidence of diversification capability over and above lobster fishing.

2. 107.

3. 4. Mr. Bruce Parsons, marine consultant, Halifax, Nova Scotia; Mr. Islay Mutter, shipwright consultant, Victoria, British Columbia; Mr. Murray Lusher and Mr. Dick Ross on the staff of the Department of Fisheries.

4. 107. (a) 9; (b) 64.

5. Eight payments made to the fishermen's loan board of Prince Edward Island in behalf of: Thomas Gallant, Stanley Bridge, P.E.I., Richard Sencabeugh, Sturgeon, P.E.I., Emerson McLeod, Murray Harbour, P.E.I., Austin E. Doucette, Skinners Pond, P.E.I., Gerald Mills, Malpeque, P.E.I., Hanson Gerald Smith, Alberton, P.E.I., Rubin Frederick Wall, Malpeque, P.E.I., Ulric Arsenault, Tignish, P.E.I.

PAYMENT OF TAXES BY CROWN CORPORATIONS

Question No. 2,444—**Mr. Grégoire:**

1. Do provincial crown corporations pay (a) excise tax (b) the 11 per cent sales tax on building materials (c) other federal taxes?

2. Have provincial crown corporations ever protested against the payment of taxes in their capacity as agents of the crown and, if so, what was the result of such protestations?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. (a) and (b) Yes, however, under specified conditions they may qualify for refund pursuant to section 46, subsection (2) of the Excise Tax Act. (c) A corporation, not less than 90 per cent of the shares of which is owned by Her Majesty in right of a province or by a Canadian municipality, or a wholly owned corporation subsidiary to such a corporation, is exempt from income tax and old age security tax by virtue of section 62(1)(c) of the Income Tax Act.

2. Yes. Such protestations are necessarily resolved within the provisions of the law.

Questions

PAYMENT OF BUILDING MATERIALS TAX BY CROWN CORPORATIONS

Question No. 2,446—**Mr. Grégoire:**

Do the crown corporations belonging to class D of the Financial Administration Act pay the 11 per cent tax on building materials?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Yes.

INFORMATION DIVISION CHIEF, INDIAN AFFAIRS

Question No. 2,461—**Mr. Orlikow:**

1. Who is the chief of the information division of the administration directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. No such position is established.

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. Not applicable.

PERPETUAL BONDS

Question No. 2,470—**Mr. Watson (Assiniboia):**

1. How many private citizens bought government of Canada perpetual bonds in 1936?

2. What percentage of these bonds are still held by private citizens?

3. What percentage of these bonds are held by corporations?

4. Will the government consider paying those held by private citizens?

Hon. Mitchell Sharp (Minister of Finance): 1, 2 and 3: Since almost half of the issue of perpetual bonds was and is in bearer form, it is not possible to establish the percentage of the issue originally or presently held by private citizens or by corporations.

4. As indicated on several earlier occasions in reply to similar questions, if the government were to redeem perpetual bonds held by private citizens, or by others, it would provide those who purchased the bonds at a substantial discount with a large windfall profit. Such action would be unfair to previous holders of perpetual bonds who had sold them at any appreciable discount. It would also be discriminatory vis-à-vis holders of other government of Canada bonds which are quoted at a discount. If the issue were redeemed it would have to be refinanced at current market rates and this would involve an additional interest cost to the government of approximately $1,400,000 per annum.

[Mr. Benson.]

RESIDENTIAL SCHOOL DIVISION CHIEF, INDIAN AFFAIRS

Question No. 2,472—**Mr. Orlikow:**

1. Who is the chief of the administration and residential school division of the education directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Paul Deziel.

2. Since September 1, 1954.

3. Academic qualifications, (a) University of Windsor, B.A.; (b) Ontario College of Education, high school teacher's certificate.

4. None.

5. His duties and responsibilities are: "Under direction to administer the capital program of federal school constructions; to develop standards for the operation of residential schools; to direct the program of pupil transportation; to administer regulations relating to public service living accommodation for teaching staff; maintain an inventory system covering furnishings and equipment in over 400 Indian day schools and 60 residential schools; to supervise staff; to assume responsibility for the operation of the directorate in the absence of the director." Mr. Deziel reports to the director of education.

CHIEF OF SPECIAL SERVICES DIVISION, INDIAN AFFAIRS

Question No. 2,473—**Mr. Orlikow:**

1. Who is the chief of vocational training and special services division of the education directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development):

1. Mr. Lyman Jampolsky.

2. Since August 6, 1964.

3. Academic qualifications, (a) University of Alberta, B. Ed.; (b) University of Alberta B.A.; (c) University of Stanford, one year post graduate studies.

4. Four years as principal of Cardston high school attended by Indians and non-Indians. Two years as supervising principal, Indian affairs branch, for the Blackfoot and Stony reserves in Alberta. Two years as district superintendent of schools for northern Alberta. Four years as regional superintendent of schools for British Columbia and the Yukon.

5. His duties and responsibilities are: "Under direction to develop and administer a vocational training program; to analyse submissions from the field for the purposes of assessing the value and soundness of proposed projects in both the vocational training guidance, adult education and educational assistance program; to direct supervision of adult education and guidance services and the regional superintendents of vocational training in the development of regional programs; to direct special surveys and review and co-ordinate estimates." Mr. Jampolsky reports to the director of education.

SUPPORTING SERVICES DIVISION CHIEF, INDIAN AFFAIRS

Question No. 2,474—**Mr. Orlikow:**

1. Who is the chief of the supporting services division of the administration directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Marcel George Jutras.

2. Since August 1, 1966.

3. Academic qualifications, (a) four years of high school.

4. Five years in clerical and field work at the Cowichan agency, B.C. Ten years as superintendent of Indian agencies in the Babine agency, B.C., Yukon agency and File Hills-Qu'Appelle agency in Saskatchewan. Five years as assistant regional supervisor, Indian agencies, Edmonton, Alberta.

5. His duties and responsibilities are: "He is responsible for the organization, administration and efficient operation of the supporting services section, comprised of the trusts and annuities, management of records and paperwork, supplies and inventory, and the transcribing services section; to supervise and direct activities related to the administration of Indian moneys and develop procedures and systems which will facilitate the transfer of such administrative functions and responsibility to elected band councils; to analyse and co-ordinate requests for changes in field organizations; to develop standards and evaluate performance within the four sections; to maintain liaison with other government departments." Mr. Jutras reports to the director of administration.

SALES TAX ON CHILDREN'S SPORTS EQUIPMENT

Question No. 2,517—**Mr. Barnett:**

1. Is the federal sales tax required to be paid on children's sportswear and sports equipment?

2. If so, at what rate?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Yes.

2. 12 per cent; prior to January 1, 1967, 11 per cent.

ADHERENCE BY CANADA TO UNESCO TREATY

Question No. 2,527—**Mr. Stanbury:**

1. Is Canada a party to the UNESCO treaty (sometimes referred to as the Florence agreement) concerning trade in educational, scientific and cultural materials?

2. If not (a) for what reason (b) will the government give consideration to Canada becoming a party to this treaty?

Hon. Paul Martin (Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned: 1. No.

2. Although the Florence agreement is commendable so far as it goes, it does not provide for the removal of non-tariff barriers which are by far the most important obstacles to Canadian exports of educational, scientific and cultural materials. These barriers consist of quantitative import controls and particularly protective restrictions embodied in the copyright laws of some of our major trading partners. The agreement requires only the removal of tariffs. On this point Canada already provides duty free entry

under the Tariff Act for most of the categories of materials covered by the agreement. The remaining tariffs are quite moderate.

It would therefore be of doubtful value at this time for Canada to abandon the limited protection of the residual tariff without a corresponding reduction in the most important form of protection, non-tariff barriers, employed by other countries. The unilateral removal of these Canadian tariffs would achieve little in terms of improved access for Canadian exports of educational, scientific and cultural materials and would not confer substantial benefits to the Canadian consumer.

At the same time the importance and value of the Florence agreement as a means of furthering cultural and scientific exchanges among member countries are fully recognized and the question of eventual Canadian adherence to the agreement is kept under continuing review.

CUSTOMS TARIFF ON IMPORTED CARS

Question No. 2,528—**Mr. Langlois (Mégantic):**

1. What are the customs tariffs on cars imported from (a) the United States (b) Great Britain (c) France, (d) Belgium?

2. If the tariffs vary, what is the reason?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Automobiles imported under the regular provisions of the Customs Tariff are subject to the following rates of duty: (a) 17½ per cent ad valorem; (b) free; (c) 17½ per cent ad valorem; (d) 17½ per cent ad valorem.

Automobiles imported by a manufacturer entitled to use tariff item 95001-1: free of duty from the countries named.

2. (a), (c) and (d) are under the most favoured nation tariff; (b) is under the British preferential tariff.

Importations free under item 95001-1 can be made only by a manufacturer who qualifies under the item.

FIRE DAMAGE TO FERRY "AMBROSE SHEA"

Question No. 2,530—**Mr. Muir (Cape Breton North and Victoria):**

1. What was the total estimated damage as a result of fire to the vessel *Ambrose Shea* now being constructed at Marine Industries Limited?

2. Was an investigation carried out to determine the cause of this fire and, if so (a) what decision was reached as to the cause (b) who carried out such an investigation?

[Mr. Martin (Essex East).]

3. As a result of this fire and damage to the vessel under construction, will the cost of construction exceed the original contract amount?

4. What was the original amount of the contract for the construction of the *Ambrose Shea* submitted by Marine Industries Limited?

5. What were the names and amounts of all others who tendered for the construction of this vessel?

6. What was the original estimated date of delivery of this vessel?

7. As a result of the fire, what is the new estimated date of delivery?

8. When is it expected that the *Ambrose Shea* will go into service between North Sydney, Nova Scotia and Newfoundland?

9. Will the *Ambrose Shea* carry general cargo, automobiles, trucks or railway box cars between North Sydney, Nova Scotia, and Newfoundland?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. The total estimated cost of the damage repairs is $4,000,000.

2. Yes. (a) the cause has not been definitely established; (b) Amyot, Bohl & Associates, consulting engineers, Montreal, P.Q.

3. Damage repairs will be to marine underwriters' account and the contract cost of the vessel will not be exceeded.

4. $11,779,239.50.

5. Port Weller Dry Dock Co., $12,131,705; Canadian Vickers Ltd., $12,288,548; Davie Shipbuilding Ltd., $12,456,000; Collingwood Shipyards, $12,910,000; Halifax Shipyards, $16,467,961.

6. June 30, 1967.

7. November, 1967.

8. November, 1967.

9. Passengers, automobiles, and trucks between North Sydney, Nova Scotia and Argentia, Newfoundland.

INDUSTRIAL DEVELOPMENT BANK LOANS, RIMOUSKI COUNTY, QUE.

Question No. 2,538—**Mr. LeBlanc (Rimouski):**

1. How many loans were granted by the Industrial Development Bank during 1965-66 in the constituency of Rimouski?

2. What is the total amount of these loans?

Hon. Mitchell Sharp (Minister of Finance): 1 and 2. The annual report of the Industrial Development Bank for the year ended September 30, 1966, contains information regarding the number and amount of loans by size, by province and by type of business. A further breakdown of the information is not a matter of public record.

NEW FERRY, PRINCE EDWARD ISLAND-NEW BRUNSWICK

Question No. 2,540—**Mr. Macquarrie:**

1. When is it expected that the new car ferry for the Prince Edward Island-New Brunswick service will be in operation?

2. What was the previously announced target date for completion?

3. What factors have caused the delay?

4. What steps are being taken to minimize the delay?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. June, 1968.

2. September, 1967.

3. Electrical engineering and manufacturing problems during construction have resulted in considerable delay in delivery to the shipbuilder of the main diesel electric propulsion system.

4. Constant liaison is being maintained with the main propulsion supplier by the director, shipbuilding branch of the Department of Transport in a continuing effort to improve upon delivery schedules.

TRANS-CANADA HIGHWAY, MONTREAL TO ONTARIO BOUNDARY

Question No. 2,543—**Mr. Isabelle:**

1. What was the cost of the section of the trans-Canada highway between Montreal and the limits of the province of Ontario, (highway No. 17)?

2. What amount did the government of Canada contribute toward the construction of this highway?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): 1. and 2. The shareable cost of trans-Canada highway construction is limited to the cost of the two-lane highway provided for in the trans-Canada highway agreements. This department keeps records only for those costs which are shareable under the agreements.

The following figures cover the trans-Canada highway section from the Western limits of the Ile-aux-Tourtes bridge to the limits of the province of Ontario: Total shareable costs approved to date, $11,142,933. Total estimated federal share, **$7,218,424.** Total federal payments to date, $5,044.332.

TRANS-CANADA HIGHWAY, QUEBEC TO MONTREAL

Question No. 2,544—**Mr. Isabelle:**

What was the cost of the Quebec city to the Montreal section of the trans-Canada highway and what was the contribution made by the government of Canada for the construction of this highway?

Hon. G. J. McIlraith (Minister of Public Works): The shareable cost of trans-Canada highway construction is limited to the cost of the two-lane highway provided for in trans-Canada highway agreements. This department keeps records only for those costs which are shareable under the agreements.

The following figures cover the trans-Canada highway section from the point of access to the Quebec bridge, to the southern limits of the Louis Hyppolite Lafontaine bridge-tunnel: Total shareable costs approved to date, $64,463,979. Total estimated federal share, $32,796,399. Total federal payments to date, $26,942,564.

[*English*]

INVESTIGATION INTO DESIGN OF P.E.I. CAUSEWAY

Question No. 2,556—**Mr. Macquarrie:**

1. Has any department of the government commissioned O. J. McCulloch to investigate any aspect of the proposed design of the Northumberland strait crossing?

2. Has any report of an investigation by Mr. McCulloch been made available to any department of the government?

3. If so, what was the source of such information?

4. Has the government of Prince Edward Island suggested any alterations in the proposed design for the Northumberland crossing?

Hon. G. J. McIlraith (Minister of Public Works): 1. No.

2. Mr. O. J. McCulloch sent a commentary to the Department of Public Works in July, 1966. A revised version of that commentary, under the title "Report to the Department of Public Works on the construction proposed for Prince Edward Island Crossing" was received on February 6, 1967.

3. Mr. O. J. McCulloch.

4. No.

FEDERAL PARTICIPATION IN B.C. TRADE FAIR

Question No. 2,558—**Mr. Groos:**

Does the Department of Trade and Commerce intend to participate in the fourth British Columbia International Trade Fair to be sponsored in May of 1967, by the government of British Columbia and, if so, what form will the participation take?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Yes. The Department of Trade and Commerce and the centennial commission are collaborating in an information exhibit combining the themes of Canada's centennial and Canada's international trade.

Questions

SALES OF N.H.A. MORTGAGES

Question No. 2,563—**Mr. Bell (Carleton):**

1. How many mortgage sales of N.H.A. mortgages have been conducted by Central Mortgage and Housing Corporation and on what dates?
2. What was the total amount of mortgages sold at each such sale?
3. What plans has the government or Central Mortgage and Housing Corporation for further sales of N.H.A. mortgages?

Hon. J. R. Nicholson (Minister of Labour): 1 and 2. Fourteen offerings have been made; one in June, 1962 was withdrawn. A total of $304.75 million was sold in the 13 completed auctions. Particulars of the auctions are shown below:

Date	Mortgage Interest Rate %	Sold Amount ($ million)
1961 June	6¾	12.50
Aug.	6¾	13.50
Nov.	6¾	15.00
1962 Mar.	6	15.00
Nov.	6¾	11.75
	6	18.25
1963 Jan.	6¾	11.00
	6	16.25
May	6¾	14.50
	6	20.50
1964 Feb.	6¾	7.75
	6	17.25
May	6½	10.25
	6	14.75
Sept.	6½	8.50
	6	16.50
Dec.	6½	9.00
	6	16.00
1965 Mar.	6¼	14.00
	6	16.00
May	6¼	13.50
	6	13.00
		304.75

3. Central Mortgage and Housing Corporation expects to resume sales by auction later this year.

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, would you please call motions 191 and 193?

I ask that the remaining notices of motions be allowed to stand.

[*English*]

Mr. Knowles: Could these motions stand, Mr. Speaker?

Mr. Speaker: Stand.

[Mr. Cantin.]

CANADIAN CENTENNIAL

FAILURE TO DISPLAY PORTRAIT OF THE QUEEN IN CENTENNIAL TRAIN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I trust you will allow me to bring to the attention of the Prime Minister of Canada a message of true Canadianism sent to me by the student body of the General Brock School in Vancouver, the classes of which visited the centennial train. These youngsters objected strongly that Her Majesty's portrait is not displayed in any part of the centennial train. I ask the Prime Minister to bring this to the attention of the authorities. Canada is a monarchy. Her Majesty's picture should be in any train representing Canada.

Right Hon. L. B. Pearson (Prime Minister): This is the first I have heard of this matter. I shall look into it immediately. It is most appropriate, of course, to have a picture of the Queen of Canada in our centennial train. I shall look into the matter at once.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker. I wonder if the minister would also investigate reports that the historical narratives are different in French and English. Might we have one authentic history in both languages on this occasion?

Mr. Pearson: Yes, Mr. Speaker; I shall be glad to look into that matter too.

EXTERNAL AFFAIRS

VIET NAM—POSSIBLE EXTENSION OF PROPOSED CEASE FIRE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Secretary of State for External Affairs. Considering that a cease fire for the four days of the new lunar year has been arranged in Viet Nam, and considering that the Viet Cong have shown a willingness to extend this cease fire to seven days, I ask the minister whether the government of Canada has made representations to both sides to extend still further this cease fire, that a climate might be created within which it will be possible to carry on effective negotiations.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, it would be a very happy circumstance if the truce, now limited to four days, were extended not only

to seven days but for an even longer period. Suggestions of that kind have been made in the ways we believe appropriate. We think this is the most effective course.

Mr. Douglas: A supplementary question, Mr. Speaker. Considering the widespread interest and concern in this matter, can the minister not say whether representations have been made to Hanoi and Washington? If so, have they been made through diplomatic channels, through the international control commission, or both?

Mr. Martin (Essex East): I prefer to say that the answer I gave is stronger than any specific answer that my hon. friend may expect to the question he asks.

Mr. Douglas: A further supplementary question, Mr. Speaker. Considering that all people will suffer if the conflict in Viet Nam escalates into a major war, does the minister not feel there is value in mobilizing public opinion to extend the cease fire? Would it not be helpful if the people of Canada and the peoples of the world knew to whom the representations I referred to were being made, and what the reaction was to those representations?

Mr. Martin (Essex East): I can well understand the hon. gentleman's feelings in the matter. I am sure he will understand that we are no less interested in this situation, and we have taken the steps which we believe will be most effective in achieving the result which I hope will be realized.

[*Later:*]

[*Translation*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs.

Could the minister explain to the house and to the Canadian people how a cease-fire agreement can be reached for three or four days and the hostilities resume afterwards?

Mr. Speaker: It would be difficult, I think, to answer that question. I do not feel it is in order.

INCOME TAX

QUEBEC—REQUEST FOR PROVISION OF BILINGUAL FORMS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I wish to direct my question to the Minister of National Revenue and President of the Treasury Board.

I have here a copy of the income tax forms sent to the taxpayers in the province of Quebec. Many people complained to me because the forms they received are in English only. I would therefore ask the minister to use bilingual forms, should it be impossible for his department to send French forms to Quebec, so that the people in Quebec can read them in French and the people in the other provinces can read them in English.

Is the minister prepared to do something along those lines?

[*English*]

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): With six and a half million tax forms to deal with each year it is inevitable that a few mistakes will be made in sending out the forms. However, we have a rule that in cases where a person files a French tax form in a particular year, he or she will receive a French tax form in the succeeding year. Similarly, when a person files a tax form in English, an English tax form will be sent the following year. When errors occur we are very sorry but, as I say, when the department is dealing with six and a half million taxpayers it is inevitable that some errors will be made.

[*Translation*]

Mr. Caouette: A supplementary question, Mr. Speaker.

I know from personal experience that until last week, there were only English forms at the Rouyn post office; it was only last week that the French forms were received. Why were the English forms sent to the Rouyn post office two or three weeks earlier than the French forms? I would like the minister to reply to this point: would it not be possible to have bilingual forms? The mistakes referred to by the minister would thus be avoided.

[*English*]

Mr. Benson: One of the things we have been trying to do is to simplify these tax forms.

Some hon. Members: Oh, oh.

Mr. Benson: The tax legislation is difficult enough in Canada without our trying to issue the forms in both languages so they will be twice as long for people to consider. Everyone in Canada who has filed a previous tax return is sent a tax return addressed to him personally. The tax return forms sent to the various post offices are intended for people

who for some reason have not previously filed, and we send these out ordinarily, as they are available, in French and in English to post offices where they are required.

[*Translation*]

Mr. Speaker: Order. The hon. member has already taken up five of the thirty minutes we have for the question period today. I feel it would not be fair to the other members if this discussion were allowed to continue. The hon. member knows that, according to standing orders, supplementary questions are under the exclusive control of the Chair. It is felt that a supplementary question should not be allowed at this time.

Mr. Caouette: Mr. Speaker, you allowed earlier the hon. member for Burnaby-Coquitlam (Mr. Douglas) to put four brief supplementary questions. I am only asking my third one, which would take only a few seconds, and everything would be over.

Mr. Speaker: The hon. member for Villeneuve might perhaps take up the matter again later on.

[*Later:*]

Mr. Caouette: Mr. Speaker, I should like to come back to the supplementary question I wanted to put to the Minister of National Revenue.

Several accountants are complaining at this time that they have difficulty in obtaining forms from the department. A sufficient number of forms is not being sent to meet the demand in their areas.

Is the department in a position or making arrangements to have such forms readily available for the accountants? As a second part to my question a while ago the minister referred to simplification of the forms. Does he not feel that the best way to simplify would precisely be to remove income taxes?

[*English*]

Mr. Benson: Mr. Speaker, if the hon. member will direct my attention to those places where accountants are unable to obtain forms I will be glad to look into the situation. If the hon. member will also indicate to me how the government of Canada can operate without imposing income tax, I should like to hear that also.

Mr. Speaker: Order, please.

[Mr. Benson.]

[*English*]

INDUSTRY

REQUEST FOR COMMITTEE CONSIDERATION OF AUTOMOBILE AGREEMENT

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Minister of Industry. In view of the announced intention of General Motors to permanently lay off 100 more employees, and the serious effect of these lay-offs upon the lives of the workers who are displaced, does the hon. gentleman not think it advisable to establish a committee and refer the question of the auto pact to that committee so we might be able to find out why these people are being laid off on a permanent basis, and why work is being reduced?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, this morning a delegation of the United Automobile Workers had a very long and very profound discussion with three government members concerned with the matter. The group was assisted by the distinguished Secretary of State for External Affairs (Mr. Martin)—

Mr. Starr: It must have turned out to be a heck of a mess.

Mr. Drury: —whose presence, while it contributed largely to the success of the meeting, turned out to be perhaps not as important as it might otherwise have been, in that the discussion was related mainly to the problem of Oshawa.

It was agreed that the difficulties facing those who have been laid off in quite substantial numbers in Oshawa are indeed great, and the Minister of Manpower and Immigration (Mr. Marchand), the Minister of Labour (Mr. Nicholson) and I assured the delegation that in the light of the facts they brought forward we on our part would see what steps could be taken as a matter of urgency to deal with the situation.

I outlined to them some of the parameters of the automobile agreement, and in particular pointed out that as of January this year, in relation to the operation of the automotive agreement as a whole, the levels of activity in this field were substantially in excess of the levels achieved in 1964, the year before the pact came into existence. Indeed, above the level of 1964 there was an increase represented by 60 per cent of the total increase in the Canadian market, plus a further $197 million—

Mr. Diefenbaker: Just what is this?

Some hon. Members: Oh, oh.

Mr. Starr: Just a lot of nonsense.

Mr. Speaker: Order.

Mr. Diefenbaker: This nonsense should not be permitted.

Mr. Starr: I ask the minister a supplementary question—

Mr. Speaker: Order. There seems to be agreement in the house that the answer given by the minister is perhaps too long and the information which he is seeking to convey might have been better conveyed by way of ministerial statement. However, I understand the hon. member for Ontario has a supplementary question.

Mr. Starr: In view of the fact that the 3,000 permanently laid off workers in Oshawa are not interested in the minister's propaganda, will he on behalf of the government definitely decide to set up a commission to find out why they have been laid off?

Mr. Pearson: It isn't a commission they want; it's work.

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a supplementary question for the Minister of Trade and Commerce. I would ask him to see to it that no further steps are taken to enter into free trade agreements with the United States until the Canadian people and their interests have been served.

Mr. Martin (Essex East): That is not a question.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a supplementary question to the Minister of Industry. If the government is not willing to set up a parliamentary committee to look into the effects of the automobile agreement upon workers, will the government at least set aside a day next week when the minister, and whatever other ministers want to, will report to the house on what measures they intend to take to help the workers, in order to give the house an opportunity to hear all the information, an opportunity such as we do not have at the present time?

Mr. Starr: That is a negative approach. We want the lay-offs stopped.

Mr. Drury: Mr. Speaker, I would derive much more pleasure than some members on the other side of the house from an opportunity to outline the benefits which have been flowing from this agreement to Canada—

Some hon. Members: Hear, hear.

Mr. Starr: Stop this nonsense. Tell that to the 3,000 people laid off because of your phony auto pact.

Mr. Pearson: You don't want to listen to the facts.

Mr. Martin (Essex East): You should listen.

Mr. Speaker: Order.

Mr. Starr: You keep out of it, because you will only mess it up like you did external affairs.

Mr. Speaker: Order, please. The hon. member for Burnaby-Coquitlam.

Mr. Douglas: Mr. Speaker, may I ask the Minister of Industry if he will answer my question. I did not ask him if he would make a statement on the general question of the auto agreement. I asked him if he or some of his colleagues would make a statement as to what steps the government intends to take to alleviate the adverse effects which this agreement has had on many of the workers not only in Oshawa but in other parts of the auto industry.

Mr. Drury: Mr. Speaker, when I was about to answer the supplementary question I was interrupted. I would be glad to discuss with my colleagues the possibility of doing this next week.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I have a supplementary question for the Minister of Industry. Did the minister discuss with the U.A.W. officials the reason that cars made in Canada and exported to the United States are sold there for $400 to $500 less than the same car is sold for here in Canada?

Mr. Drury: No, Mr. Speaker, that was not discussed.

An hon. Member: Why not?

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I am wondering, when the minister is looking into this matter, whether he would extend the ambit of his investigation into other related industries in places other than Oshawa. I am informed that many people in the textile industry and other industries in my constituency have been laid off because of the same thing.

Mr. Diefenbaker: What about Windsor?

Mr. Martin (Essex East): The employment situation has never been better in Windsor.

Mr. Speaker: Order.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, an interruption was just made by the Secretary of State for External Affairs in respect of these widespread lay-offs in the automobile industry. He had better get up to date on the facts when he says this does not apply to Windsor. What particular measures were taken there which were not taken elsewhere?

Mr. Martin (Essex East): Mr. Speaker, compared to Oshawa, Windsor has a good representative.

Mr. Speaker: Order. The Chair is very grateful that there are only 30 minutes for questions today.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the right hon. the Prime Minister based on a sudden outburst by the premier of British Columbia in the legislature of British Columbia yesterday. Can the Prime Minister inform the house whether the premier of British Columbia has any recent basis for the statement he made in the British Columbia legislature yesterday in which he branded the Liberal party as an enemy to Canadian confederation?

Mr. Speaker: Order, please. The question is out of order.

[*Translation*]

TRADE

TEXTILES—EFFECT OF POSSIBLE IMPORTS FROM AUSTRALIA

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Minister of Trade and Commerce.

On January 17, in this house, I asked him about the intention of Australian manufacturers to glut the Canadian market with textile products, and the steps which should be taken to prevent such a threat. The minister took my question as notice. Would he be in a position to give me an answer today?

[Mr. Nesbitt.]

[*English*]

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, since the hon. gentleman asked the question, I believe on January 17, I did write him and gave him the information available to us. I have been looking into the matter since and I find that the amount of textiles being imported into Canada from Australia is only in the order of some $30,000 a year, and that is in a particular class of textile related to high fashion. If the hon. member has any specific instance he would like to bring to my attention, I would be glad to take up the matter with my appropriate colleagues.

TRANSPORTATION

INQUIRY AS TO REPORT ON MARITIME STUDY

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, perhaps the Minister of Transport, who is bereaved today because of Moby Joe, would permit me to ask whether the report of the special study on maritime transportation is now in his hands, and if so when we might expect to have it before us in the house.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the answer to the question is that it is not in my hands.

[*Later:*]

Mr. Forrestall: Mr. Speaker, I have a supplementary question which perhaps I should have asked earlier. The Minister of Transport advised us that he does not have the special transportation study in his hands. I am wondering whether he will stop pussyfooting—

Mr. Speaker: Order, please.

POWER

ESTABLISHMENT OF RESEARCH INSTITUTE BY HYDRO QUEBEC

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Minister of Energy, Mines and Resources whether he has had an opportunity to look into the question I asked him yesterday concerning the possible assistance by the government of Canada to the research institution which is to be established by Quebec Hydro.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I inquired this morning and I can say there has been no official correspondence in respect of this matter.

Mr. Fulton: The minister said there was no official correspondence. I should like to ask him whether there have been any official contacts, approaches or considerations made in respect of the matter of federal assistance or co-operation.

Mr. Pepin: Mr. Speaker, I should like to repeat my request of yesterday for more time in order to fully answer the question.

AIR POLLUTION

SUDBURY, ONT.—SULPHUR DIOXIDE LEVEL AT INTERNATIONAL NICKEL PLANT

On the orders of the day:

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, perhaps I could answer the other question posed to me yesterday by the hon. member for Kamloops having to do with the SO_2 content at the INCO plant at Sudbury. Officials are aware of the allegations that have been made and I understand that the environmental health division of the Department of National Health and Welfare is making inquiries in this regard. As you may know, I am responsible only in respect of water pollution, not in respect of air or soil pollution.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I have a supplementary question. Will the minister give consideration to the suggestion made in the Ontario legislature that this government take the initiative in working out an acceptable national standard of measure in the anti-air pollution field, and will the minister refer this matter specifically to the council of resource ministers?

Mr. Pepin: I intended at first to give that information, Mr. Speaker, but the Chair is quite severe on us in respect of long answers. The short answer is yes. Last November a conference was held in Montreal on air, land and water pollution. The results of that conference have now been compiled and at the next meeting of the council of resource ministers on May 5 this will be studied. I hope a cleaner understanding will be arrived at between the federal and provincial governments in the subject of the distribution of responsibility in these areas.

FINANCE

DEPOSIT INSURANCE—PROPOSED LEGISLATION IN ONTARIO

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is addressed to the Minister of Finance. In the light of varying circumstances can the minister tell us whether he has had negotiations or contacts with the government of the province of Ontario in respect of the announced implementation by that government of deposit insurance? Has he been advised that this is in the nature of a gap filler until federal legislation is implemented?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker, I have had frequent conversations with Mr. Rowntree, the Ontario minister concerned. Our governments are working together as far as it is possible to do so. I understand that the province of Ontario intends to introduce legislation similar to the bill we read the second time last week.

I am very happy to say that Mr. Rowntree has indicated he will require Ontario companies to insure with the federal scheme when it comes into effect. I hope we in this house will be able to proceed with our legislation as quickly as possible.

Mr. Lambert: I have a supplementary question, Mr. Speaker. Will the minister inform the house whether the same arrangements have been made with the province of Quebec?

Mr. Sharp: Mr. Speaker, the government of the province of Quebec has not been in touch with me recently in respect of this matter.

FARM MACHINERY

REPLIES FROM COMPANIES RESPECTING INCREASED PRICES

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to direct a question to the Minister of Agriculture and ask him whether he is prepared to indicate why he is withholding the contents of his letters addressed to the machine companies in respect of increased prices, and their replies?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, as I have indicated on several occasions in the house, I am considering the reports and will announce when I make my statement whether it would be in the public interest to table these letters.

Inquiries of the Ministry

Mr. Korchinski: I have a supplementary question. In view of the minister's reply is he prepared to indicate whether in his letters he protested the increases, or whether he merely requested an explanation as to the necessity of the increases?

Mr. Greene: Mr. Speaker, the request made to the farm machinery companies was for a report as to the factual circumstances in respect of any increases that had been made.

HEALTH AND WELFARE

REQUEST FOR LEGISLATION AND EDUCATION AGAINST NICOTINE ADDICTION

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to direct to the Minister of National Health and Welfare. Perhaps in his absence I may be allowed to address it to his parliamentary secretary. My question relates to the departmental report of yesterday and the minister's telecast of last night, both of which called attention to the link between heart disease and cigarette smoking.

Mr. Speaker: Order. Would the hon. member ask his question.

Mr. Mather: Having this fact in mind, will the minister consider doing what the British and United States authorities have done, namely adopting legislation as well as education to combat nicotine addiction in Canada?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I will bring this matter to the attention of the minister.

EXTERNAL AFFAIRS

INDIA—REPORTED UNJUST TREATMENT OF CANADIAN ENGINEER

On the orders of the day:

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, I should like to address my question to the Secretary of State for External Affairs. Is the minister in a position to report on a matter which I drew to his attention three weeks ago, regarding the case of a Canadian citizen who has been very unjustly treated by the government of India?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, this matter is being looked into, and as soon as I have a report I will reply to the hon. gentleman's question.

[Mr. Greene.]

TAIWAN—POSSIBLE ESTABLISHMENT OF CANADIAN EMBASSY

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I wish to direct my question to the right hon. Prime Minister. I wonder whether he would be kind enough to inform the house whether the hon. member for Leeds has the authority and blessing of the government to negotiate the opening of a Canadian embassy in Taiwan.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, that is not in his terms of reference of his trip.

HOUSING

REQUEST FOR ANNOUNCEMENT OF NEW GOVERNMENT POLICY

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to pose my question to the Minister of Labour. Now that many of his symposiums with provincial authorities regarding the housing crisis have been completed, will the government announce its new housing policy soon in order that starts can get under way on time this year?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am happy to advise the hon. member that starts are getting under way, though perhaps not as rapidly as we should like. When all the conferences have progressed to the point where we can announce a change in government policy, that will be done.

Mr. Grafftey: Mr. Speaker, I have a supplementary question for the Minister of Finance. In view of the serious housing situation is the minister considering the complete abolition of the 11 per cent tax on construction material in order to alleviate this situation?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I think the answer to that question must be no.

Mr. Grafftey: I have a further supplementary question.

Mr. Speaker: Order, please. There are only two or three minutes left in the question period, and in fairness to other members we should allow them to ask their questions.

UNEMPLOYMENT INSURANCE

POSSIBLE INCREASES IN CEILING AND BENEFIT RATES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Labour. In view of his statement this morning to the Canadian Labour Congress, that he shares the view that the ceiling and the benefit rates under the Unemployment Insurance Act should be raised, can he say whether or not this will be done this year?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, as I have already advised the house, this depends to some extent on any recommendations that might come from the Unemployment Insurance Commission, to which parliament has delegated certain responsibilities in this field. I can assure the hon. member that so far as the Minister of Labour is concerned, he meant sincerely what he said this morning, and my views are well known. I hope we will receive some recommendations shortly.

Mr. Knowles: A supplementary question, Mr. Speaker. In view of the fact that the act permits the government to ask the commission for recommendations, has the government asked for such recommendations?

Mr. Nicholson: Mr. Speaker, I have asked the chief commissioner to let me have his views and those of his fellow commissioners.

CANADA ASSISTANCE PLAN

INQUIRY AS TO PREPARATION OF REGULATIONS UNDER ACT

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I intended to direct my question to the Minister of National Health and Welfare but in his absence perhaps I can direct it to his parliamentary secretary. Is the hon. lady in a position to tell us how soon the regulations under the Canada Assistance Act will be ready for promulgation so the many very needy cases can obtain assistance as soon as possible?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I will draw this matter to the attention of the minister.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF CENTENNIAL REPRESENTATIVES FROM EDMONTON, ALBERTA

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, may I bring to the attention of the house the presence in the galleries of a number of truly centennial representatives from Edmonton, Alberta representing Klondike Kate. They are here in our capital for the surveyors' convention.

Some hon. Members: Hear, hear.

Mr. Speaker: I can assure the hon. member that this has already been noticed by all of us.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Prime Minister. I would like to know whether his close friend and colleague the parliamentary secretary to the Minister of Transport was speaking for the government when he wrote a letter to several newspapers in British Columbia which contained the following reference:

> The Crowsnest rate has been referred to, ad infinitum, as the Magna Carta of the western prairies. The analogy is completely erroneous.

Does that represent the government's policy?

Right Hon. L. B. Pearson (Prime Minister): I have not seen a report of that statement, Mr. Speaker.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed from Tuesday, February 7, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, when the house adjourned at ten o'clock last night I had just time to introduce the subject with which I want to deal in this budget debate. It has to do with the role of the federal government in the financing of higher education in Canada, particularly universities. I had mentioned that the government announced in October that they were

withdrawing from this field, and that I did not like that idea. I want to point out in the course of my remarks today that the federal government has a legitimate role to play in the financing of universities and that they have abdicated this responsibility.

On October 31 the Minister of Finance, speaking for the Prime Minister, made an announcement following the tax sharing agreements with the provinces. He announced that the federal government was going to leave the field of technical and vocational education and the field of university grants and was going to transfer to the provinces four points of personal income taxes and one point of corporation income tax, so that the provinces could handle these responsibilities themselves.

As I said last night they did one positive thing in their announcement in October.

Mr. Speaker: Order, please. May I bring to the attention of hon. members that it is very unfair to carry on conversations in the way it is being done at the moment when a member of the house if trying to deliver a speech. I suggest that conversations that are essential and urgent should be carried out behind the curtains.

Mr. Prittie: Thank you, Mr. Speaker. Speaking on motions on October 31 I did say that there was one positive result of the government's announcement on that day. It was announced that the government would concern itself with the field of adult education, and the following definition of "adult education" was given. I will quote the remarks of the Minister of Finance from page 9290 of *Hansard* of October 31:

> We must recognize that rapid technological and industrial change now require more and more training and retraining of adults. This is of fundamental importance if full employment and increased productivity are to be achieved. The federal government has a responsibility for ensuring that the required training is financially possible for people in the labour force.
>
> For this purpose, the federal government proposes to pay training allowances directly to adults who are taking occupational training, in place of sharing provincial costs as we are now doing.

A little farther on he goes on to define who adults are. He says:

> Our proposal was to define an adult as one who has been three years out of school and in the labour force. Several of the provinces felt this was unduly restrictive. We undertook to discuss immediately with the provinces whether some modified definition is possible which would meet more of the training needs of people who have been in the labour force for less than three years, while still preserving the important distinction between this training program and the school system.

I agree completely with that step. I think that the federal government should concern itself with the field of adult education, and indeed the job cannot be done properly in any other way. Unfortunately it has taken a very narrow view of the word "education" as it is carried on in the regular institutions of learning such as elementary and secondary schools, universities, community colleges, and so on. It seems to me a very narrow point of view and one which cannot be defended.

As I have stated in the past, one can reasonably argue that the federal government has a role to play in the field of university financing. The move which the government made is wrong on two counts. It gave the provinces too great a control of the universities. I think it is a healthy thing that universities in this country should receive their money from several sources. They receive money from the provincial governments, they receive some money from the federal government, and they receive money from private sources. Furthermore they still collect, unfortunately, a great deal in student fees. I believe that if the universities of this country are to have the type of independence which they should have, their revenues should come from several sources so that no one source can have complete control over the educational institution. I realize that universities cannot be completely independent; all educational institutions have to respond in some way to the society which they serve. However, they should have as much independence as is possible, and I do not think this can be achieved if they receive all their money from one source.

The difficulties from too great a provincial control have been borne out since the government statement at the end of October. We have the example of McGill University in Montreal. This university is not receiving from the province of Quebec the amount of money which it feels it needs to operate during the next year. I do not blame the province of Quebec. They may have very good reasons for not taking out of their provincial revenues and giving to McGill as much money as that university requires. The educational responsibilities in that province are very great at the present time. It is trying to build new universities and colleges and to establish new institutes of education. However, the important point here is that McGill is not just a provincial institution. It does not just serve

the province of Quebec. It serves all of Canada. A great many of its students come from other provinces. It has specialized graduate schools to which people must come if they want that kind of education in Canada. So the point here is that McGill is a national institution serving the whole country, and therefore it should receive some of its funds from the whole nation.

• (3:20 p.m.)

My second point is in connection with my own province, British Columbia. Just the other day the premier of the province, who is also the provincial minister of finance, announced that the three universities in British Columbia will receive $53 million next year for their operating and capital building costs. Now, the president of the University of British Columbia, Dr. John B. MacDonald has said that the three universities would require as a minimum $66 million for the coming year. Under the transfer of funds which is to take place from the federal government to the provinces by means of the transfer of certain taxes, British Columbia will get for university purposes about $28.6 million during the next year. I do not know whether the provincial government is going to apply all of that to the universities of the province. It may be that they are, and it may be that they are not; I do not know. The point is that the grant is unconditional. There is no guarantee that once a province receives that money the universities will get their share. Here we have the universities of British Columbia that are going to be short $13 million this year at a time when enrolments are rising, when they are in competition with universities all over the world for staff and when they can look forward to increasing enrolments in subsequent years.

As I have pointed out in past debates, a very good case can be made for federal involvement in higher education, that is at the university level. I have stated in the house in the past that when the Fathers of Confederation used the word "education", they probably meant the type of education which existed in Canada at that time and which was mainly primary school education. We did not have very many high schools in Canada in 1867, and very few colleges and universities. Most of the schools were primarily of the one room, country school type. I am sure the Fathers of Confederation did not have in mind higher education because there was virtually none in existence in the country at that time, very few institutions.

[*Translation*]

Mr. Allard: Laval University.

Mr. Prittie: Yes, it is exactly that.

[*English*]

I realize, Mr. Speaker, that the University of Laval existed, McGill and some others, but there were not many.

It is always interesting when you can get some good, academic support for the point of view you are trying to advance. I should like to quote rather extensively today, Mr. Speaker, from a speech made by Dr. J. A. Corry, principal of Queen's University and which was published in "University Affairs", December, 1966. This speech was delivered in October, just at the time of the federal-provincial tax-sharing conference. The Secretary of State (Miss LaMarsh) was to have spoken at that meeting, but Dr. Corry had to take her place. He said his views were probably different from those of the Secretary of State. In this case, I am very glad the Secretary of State could not speak because I very much like the views outlined by Dr. Corry. I want to quote rather extensively from this speech because I believe these views do constitute support from a very distinguished academic for the role of the federal government in education:

> Let us look at first principles. On first principles, where should the responsibility for education rest in a federation? The answer is not easy.

May I interject to say that is probably the understatement of the year: The answer is not easy.

> On the one hand, any denial in 1867 of provincial control of education in and for the province would have made a mockery of plans for ensuring provincial autonomy. No community, then or now, can ensure its life or mould its future unless it has the say on education in that community. In any vital federal system, the province must be able to shape the main features of education in and for the province.
>
> On the other hand, if there is indeed a nation to be spoken for and protected, then the federal government—

Again, I interject, Mr. Speaker, to add that the word "nation" as Dr. Corry has used it is the ordinary meaning of that word in the English language. I realize this may be different from the way it is used in French. He speaks of the nation, the state or the country.

> On the other hand, if there is indeed a nation to be spoken for and protected, then the federal government must speak for the nation, take steps to ensure its survival and nourish its growth. If the nation is also a living community, it cannot be shut out of all influence on the direction of education. At times, it may be that mere adding up

of the educational effort of ten provinces will give a sum that covers federal concern in education. At other times, it will not, and then parliament and the government of Canada must have the power to give special emphasis and some direction to selected aspects of education. When that emphasis and direction will be needed must depend on the exigencies of particular times.

I continue quoting from another part of the speech:

Let us look at this matter in the widest possible frame. The training of the militia, a citizen army, is a form of education. In 1867 the Fathers of Confederation did not hesitate to confer that authority on the federal parliament because a sturdy trained militia might well be vital to the security of the nation. Today, when a sturdy militia, whether well trained or not, seems largely irrelevant other forms of much more sophisticated skill are vital to the nation. At any rate, the arguments of the Economic Council of Canada are fully convincing to me and I shall not rehearse them here.

Now, Mr. Speaker, the following sentence is, I believe, a most important one in Dr. Corry's speech.

In the competition of nations for power, place and welfare, the prizes are going to the countries that bet on education. Can the body responsible for the peace, order and good government of Canada blandly assume that ten provincial governments, each thinking for itself and about its own needs, will produce all the highly educated skills that are needed? The government of Canada, on mandates given to parliament by the people of Canada undertakes a wide range of complex functions, many of which call for civil servants with a great variety of skills. Does the government of Canada do its duty if it fails to make sure that enough people acquire these skills?

I will not quote the next paragraph in the speech which has to do with the bilingual responsibility of the federal government. The inference is that this should be a proper concern of the federal government in bilingual education. This is an idea that I heartily support, but I will omit that paragraph at the moment. I am very glad that the hon. member for Sherbrooke (Mr. Allard) is here because he has a great interest in these matters, and I think he will want to listen particularly to the next paragraph.

But it will be asked, does not section 93 of the British North America Act give exclusive power over education to the provinces? This is correct, subject to a limitation that is likely to become more portentous as time goes on. Literally, the words of section 93 are, "in and for each province, the legislature may exclusively make laws in relation to education." If there are national needs and objectives that require concerted educational policy in two, several, or all provinces, no provincial legislature is by itself competent in the matter, and judicial interpretation on other comparable aspects of the distribution of powers under the British North America Act makes it clear that parliament is competent under "the peace, order and good government" clause.

[Mr. Prittie.]

It must be on this ground that Prime Minister Pearson, in his proposal to the federal-provincial conference now meeting asserted federal jurisdiction in the training and retraining of adults for participation in the labour force. It is to be hoped that a reading of this particular assertion along with other general disclaimers in the text of his proposal about federal authority in education will not give rise to inferences that the federal government has neither status or lively concern in the education of highly skilled and highly educated manpower in the universities. It would be incongruous to be asserting federal authority over training for run-of-the-mill jobs in the labour force and abandoning it totally for all professional, scientific and technical personnel educated by the universities. It is the latter who will be critical for national objectives in the future.

At a time when the federal government is attempting to make clear that it has a constitutional responsibility for adult retraining programs, for research, and for cultural development, and that these are not, constitutionally speaking, educational matters falling within the jurisdiction of the provinces, from which the federal authority is excluded, I think it timely to recall that in 1867 none of the newly formed provinces regarded university and college education as being a matter for provincial jurisdiction. All the universities then existing (including my own) operated under royal charters or other non-provincial authority. Since then provincially supported institutions have developed but these were not considered to be the exclusive responsibility of the provinces. Indeed it is worth noting that McGill University and Queen's University, to name only two, were in the habit of appealing from time to time to business, industry and individual benefactors on the grounds that they were private institutions catering to a national (and in some respects international) constituency.

• (3:30 p.m.)

It is only within very recent years, since the provinces have provided immensely increased support for universities that they have become concerned to exercise substantially increased control. To the best of my knowledge no province has yet claimed exclusive jurisdictional control. Universities and colleges are free to solicit funds from business, industry, foundations and benefactors inside and outside the province, inside and outside Canada. Most provinces in addition are prepared to accept a federal concern and the federal government should be reluctant to disclaim its concern.

I feel that this federal concern is there and should be exercised by the federal government.

Federal concern, Mr. Speaker, does not mean complete federal control. Regardless of its recent announcement the federal government will continue to provide some finance for universities. For example, through agencies such as the National Research Council, the Defence Research Board, the Canada Council and the Humanities Council funds do pass from Ottawa to universities across the country. But it seems to me that it is very artificial to separate this aspect of research

from the general field of university education, particularly graduate education.

I feel that there should be some agency here in Ottawa which will concern itself with this whole field of university education and post-graduate education as well as with general grants for research. If we are afraid of appellations like "department of education" or "office of education", we do not have to use them. We could call such a body a department of science and technology. I would remind you, Mr. Speaker, that Dean Bladen in making his report on higher education in Canada recommended that all of the agencies in the federal government concerned with making grants to education should be responsible to one minister. This recommendation is to be found at page 67 of the Bladen report.

I now come, Mr. Speaker, to this question: Why did the federal government take the stand it did and say that it would concern itself with adult education for people who have been out of school for three years, but that it would forget about existing universities? I think this decision was taken particularly as a result of the advice given to the government by the so-called three wise men who entered the Liberal party a year ago. I am not using those words sarcastically in referring to the hon. member for Hochelaga (Mr. Pelletier), the hon. member for Mount Royal (Mr. Trudeau) and the Minister of Manpower and Immigration (Mr. Marchand); they are all very intelligent men.

However, Mr. Speaker, these hon. members are trying to develop the theory that all of the provinces should be on exactly the same footing as the province of Quebec. For example, if there is any objection from Quebec to there being a federal concern in a certain field, then they contend the federal government should have nothing to do with that particular field. Hence they are saying to the other provinces that Quebec is withdrawing from a certain program or a certain field, and they put all provinces on the same basis.

They are arguing, Mr. Speaker, against the case which others have made during the past few years that Quebec is not a province like the others. I would agree, Mr. Speaker; I think Quebec is not a province like the others. It is a different case and we should recognize this. The very fact that Quebec has a very large language group, which carries with it its own culture, does make that province different from the others. If Quebec has to be dealt with differently in some aspects of national policy, then let us recognize this fact.

Even the United Kingdom, which is not a federal state but a unitary state, recognizes it must deal with different language groups. Take the case of Scotland. If by mistake you asked a Scotsman from which part of England he came, then you should stand back and wait for the blow. The same is true of the Welshman. This difference is recognized in the United Kingdom. Scotland has a different type of educational system from England. The British Broadcasting Corporation operates a separate Scottish service and in Wales even broadcasts in the Welsh language. Scotland has its own laws. So as I say, Mr. Speaker, the United Kingdom does recognize this fact. The parliament of Westminster, of course, makes laws for the whole of the United Kingdom; but there is recognition that the people who live in Scotland, Wales and Northern Ireland are different from those who live in England and in some respects, including education, require different treatment.

I suggest, Mr. Speaker, that there would be no great objection from most of the provinces to a continuing federal role and federal concern in university education. This concern may be directed through a government department, or could be handled in the way university grants were handled previously, through the Association of Universities and Colleges of Canada. If this is the best way then perhaps we should use that channel.

If there is a vital objection from the province of Quebec to a certain proposal then we can make a special case and treat that province differently. But it seems to me that the government is moving in the wrong direction. At a time when, as Dr. Corry has pointed out, the prizes in the world go to the best-educated nation, it seems to me that we must move in the direction of some type of federal concern. I am using the word "concern" deliberately and not the word "control". I think that the federal government has to put up some of the money and show some of the leadership.

I should like to illustrate one area where leadership in higher education is necessary. We do not have unlimited resources in Canada to give grants to all our universities. Universities are very expensive. Scientific training and graduate training are expensive. I do not think that every university in Canada can have a medical school or that every university in the country can have a nuclear physics department. Therefore some decision must be made as to where a given specialization should be located.

I think that this has to be done on some type of national basis, with the government in Ottawa giving some leadership. Yesterday the Department of Forestry and Rural Development issued a press release announcing that the department was making equal grants to the forestry faculties of the University of New Brunswick, Laval University, University of Toronto and the University of British Columbia. These happen to be the only four schools of forestry in Canada. Perhaps they are all we need, I do not know; but this is the sort of thing with which some federal authority has to concern itself.

We are not going to make very much progress, Mr. Speaker, if we keep surrendering any possible leadership which can be shown here to the provinces. Ten provincial systems of education—and again I specify university education—do not add up to a national system. It seems to me that we are going to fall very much behind other countries which have shown some type of national concern.

Finally, Mr. Speaker, I want to deal with the situation in the United States where the constitutional position is almost the same. It is generally recognized that the predominant authority in education in the United States is in the hands of the individual states, and they run the elementary and secondary schools. But the United States federal government has set up a federal office of education which allocates funds in very great amounts to universities throughout all the states, and as far as I can determine no great objection is taken to this. I hope that before too many years pass we will think this situation through and try to reverse the unfortunate decision taken by the present government last fall after the conference with the provinces.

My last point, Mr. Speaker, is that I do not think there would be very great objection to a similar proposal on the part of most provinces. If we do have to make a special case let us admit the fact, and make special provision for whichever province may object.

Mr. Terence Nugent (Edmonton-Strathcona): Mr. Speaker, I should like to begin my remarks today in a manner that always gives me the greatest pleasure. I should like to thank the hon. member for York East (Mr. Otto) for his courtesy in making it possible for me to be heard now, rather than himself. One of the more pleasant aspects of being a member of this house is that a political adversary, in recognizing a certain situation, can make a kind gesture of friendship such as this. I offer my heartfelt thanks, and I am grateful.

• (3:40 p.m.)

I am pleased to have the floor at this time because today, from Edmonton, a distinguished group sits in Mr. Speaker's gallery. They are distinguished because they show that spirit that I am proud to think is Edmonton's. These people are dressed in the Klondike garb of the gay '90's. They bring to Ottawa a little of the spirit of Edmonton.

The National Surveyors Association has decided for the first time that it will hold its convention elsewhere than in Ottawa. It will hold the convention in Edmonton. In honour of this, our good friends in the gallery have the spirit to visit this city. This is something which must be encouraged.

They have brought down Klondike Kate; in fact, 26 charming people have come down. The men are dashing, gallant and handsome; the ladies beautiful, charming and gracious. I deny that these people were hand picked for these qualities; they form only a cross-section of Edmonton. If you visit our city you will find our streets filled with such beautiful, charming and gracious people.

An hon. Member: Let's go.

Mr. Nugent: I also want to thank hon. members of the house for their courteous consideration, for that spontaneous parade staged around the dining room today. It was not done for advertising. Because so many of my friends were interested in seeing the beautiful girls, I asked them to walk around, that my friends for a few moments might see what I enjoy so much always in Edmonton.

I am afraid, having spoken so kindly in the house, that I shall now have to fire a few volleys I have saved over a considerable period. Having spoken kindly of everybody, I shall now revert to my normal self. At times I might sound critical, and when my hon. friends on the other side hear me, it might occur to them that they have made mistakes. If I enlarge on their errors, it simply means that those errors may be more fundamental than hon. members on the other side realize. What I have to say involves the Canadian people. If I complain about this institution, about parliament, which hon. members opposite do not seem to understand, it is because of what the Liberal government is doing to Canada.

The whole country is concerned about where it is going. Some of us are more concerned with this question than others. I, for one, cannot understand these commissions inquiring into the status of women, or into our two languages—I refer to the B and B Commission. What utter balderdash they are. Nobody married needs to be educated about the status of women. Anybody with half a brain in his head knows he has to learn two things quickly: to say "Yes, dear" when she is right, and "Yes, dear" when she is wrong. That is the situation a man has to cope with, and it needs no royal commission to tell him that. That is the situation existing.

I do not care how many reports the B and B Commission brings in, they will not help me to learn French. I shall learn far more French by meeting one of those charming ladies from Hull, Edmontons' twin city.

There are no difficulties between English and French speaking Canada. That question I settled long ago. I have a secretary from Quebec, and when I do anything wrong she tells me. She can straighten me out more effectively than any B and B Commission could.

Our charming people from Edmonton display the Canadian spirit in a way that makes us all in this country proud to be Canadians. They are prepared to travel over Canada, to the United States and to Europe advertising the existence of their city and its charms. So long as we have people like that we need not worry about who Canadians are. Canadians are individuals. A Canadian is that type of individual with the gumption to be what he wants to be. He respects his neighbour's right to be the kind of Canadian he wants to be. Who wants people stamped from a pattern? Who are those who say that Canadians should be recognizable, by our friends across the pond and by our neighbours to the south, as coming from a distinct pattern? The greatest compliment that can be paid to us is that we are not typed, not stamped. Because you can go anywhere in the world and be recognized as an individual is the greatest compliment anybody can pay you.

We have the heritage of free speech in our democratic society. We have the right to be individuals. Are these not the objectives of our society? Who are those people so afraid of being themselves? Who is afraid of not being recognized, of not being taken for a Canadian. What is wrong with us? Is it that fear in the atomic age has strenghtened the herd instinct. Has the danger in the world herded us together? Why is there this unreasoning fear that we shall not be recognized as Canadians? I tell you, Mr. Speaker, when the time comes that Canadians can be picked out of a crowd, when other people can say that a Canadian does this, is this, and behaves this way, I shall leave. I shall not put up with that.

I am proud of being a Canadian. I have nothing against the United States—I have many excellent friends, first cousins, in many states, and many acquaintances in that country. But I would rather be a Canadian, because here we are individuals. The individuality of the Canadian is something our neighbours envy.

In our society we have ten times the freedom that conventional types of men have. Conventionally stamped men are so restricted that they cannot appreciate the freedom of being an individual. That is the freedom I appreciate in Canada. That is what I hope every Canadian student, growing up in our land, will appreciate, care for, and cherish.

• (3:50 p.m.)

There are actions which are taken for the right motives, but which are distrusted because they are done in the wrong way. I am sure we are all familiar with one illustration which I might use in this connection; there are some people who can tell a joke well, and others who simply cannot do so. This is all I have to say by way of introduction to my next thought, which concerns the way in which this government operates. The manner in which a thing is done is just as important as the object which is being sought. I made the same observation during the flag debate. Perhaps on reflection hon. members sitting opposite will come to understand the importance of doing things the right way. Mr. Mackenzie King began with a committee of about 20 members. He gave them unlimited time, told them the government would agree with whatever the committee decided, and the result was unanimity in the committee, except for one member. Then Jean Lesage said: "If you accept that decision I will destroy the Liberal Party in Quebec." So the government could not go any further.

By contrast, the present Prime Minister (Mr. Pearson) made a political football of the issue from the start. Only after fighting positions had been taken did he refer the matter to a committee. As a result, the flag which was introduced is still associated in the minds of far too many people with the cavalier and idiotic way in which it was imposed. There are political overtones. It is a Grit flag, rather

than the unifying symbol which the government said Canada would be given.

How can we in this country accomplish anything if decisions are to be taken in this way? Those who wanted to change the national flag may have been in a majority in Canada. Those of us who did not think a change was necessary were certainly prepared to follow the majority, if change was what they wanted. There is no doubt that the majority of Canadians wanted to be proud of that flag; they wanted a national symbol around which to rally. And there is no doubt that the majority of Canadians were sadly disappointed by the manner in which the change was brought about.

I am afraid that what the government is doing through the commission on bilingualism and biculturalism is having the same disturbing effect. It has never been my belief that differences can be healed by talking about them, rather than by curing their causes. If I have a quarrel with my neighbour there is no point in having a discussion as to how we express ourselves in our quarrel. But this is what the B and B commission is doing. We need to find out what it is that French Canadians resent about us in the west, and what we in the west resent about French speaking Canadians.

I suggest that despite a lack of understanding, due in part to an exaggerated importance being given to symbols, there is, in fact, complete identity of purpose between the province of Quebec and western Canada as to what both wish Canada to be. When I was in Quebec city, I found the people there living a western mode of life, if I may be excused for expressing myself in that way. Their hospitality was overwhelming—the kind of hospitality we talk about in the west but do not always find.

They were French but, if they will forgive me for saying so, they thought like westerners, and when I heard their complaints about Canada they reminded me very much of the expressions westerners used back in the 'thirties about "Bay Street crooks" hogging all the money, while we did not have enough to go around. There are one or two things which are basically wrong and which affect relations between French speaking and English speaking Canada. In the province of Quebec the ordinary labourer is paid less than his counterpart across this country, and the Quebec farmer generally receives a lower income than do farmers elsewhere. Our problem, then, is very simple and its solution is: monetary justice for Quebec.

When this party formed the government it was supported by a very large number of members from western Canada. We still have most of them, thank God. But I want to tell you, Mr. Speaker, that those members from western Canada were realists. They were not unduly concerned about symbols. They wanted legislation which would put some bread on the table and ensure a few of the amenities of life for the people they represented. They wanted legislation which would put some money in their pockets and lead to a better standard of living. And that was the legislation which was brought in.

I do not want to be too critical of our French colleagues but I am afraid they were not as persuasive as they might have been. They spent too much time in the discussion of symbols, such as cheques written in both official languages. There was not forthcoming from that group in the house the necessary flow of suggestions for increasing the economic wealth of the province of Quebec.

I will admit that we did not do the great job for Quebec that we did for the rest of Canada. We did a good job for western Canada, though, and this did help all of Canada. I cannot blame the citizens of Quebec who say: Lord, how long must we wait for our turn; we are being discriminated against. It is not discrimination against Quebec. But the man whose family is going short of the amenities of life cannot be expected to appreciate the distinction between failure by intent, and failure with the best of intentions. He is not likely to be impressed by people who say: We will give you a flag and make you feel more Canadian.

I had not intended to be vehement on this subject, but I want my hon. friends from western Canada to understand something which I believe they have so far failed, to some extent, to appreciate. When you yourselves find that things are getting along much better, when westerners engaged in farming and in industry now have a real opportunity to reap a good return for their labour, it is harder to realize that there are areas in this country which are not so favoured. When the disagreement or the unhappiness in Quebec is expressed by way of symbolism that we in the west cannot understand, it leads to a widening of misunderstanding between various parts of the country. I know that French

Canadians are exactly the same type of Canadians as the western Canadians, but the people in western Canada do not know it, and the people in Quebec do not know it because we have had so much talk about the symbols, so much talk about the side effects and the politics of it.

• (4:00 p.m.)

As I have said before in this house, it is as simple as this: the people of Quebec want simple justice. You take away that core that gives them a solid complaint and then there is nothing to exaggerate on; give them simple justice, and the rabble rousers, the separatists and unreasonable people will get no audience whatsoever.

There is no basic difficulty of Canadianism between Canadians, but there is that one problem which we shall always have to watch, and the solution is a matter of simple justice. What the Conservative government did for western Canada, the pieces of legislation we brought in that were so helpful to raise the standard of living out there, must be matched for Quebec in legislation by the federal government. I cannot believe that any amount of handouts, any raise in pensions, or any raising of grants is going to do anything to help solve this problem.

I am proud to be a Canadian and the reason I believe I am like my French Canadian friends is that they do not want handouts. They do not want assistance. They only want justice. All they ask of the government is: Quit giving us pensions; quit giving us commissions and assistance; give us simple justice; give us a chance to earn that kind of living which hard work and our native ingenuity can provide and we will be very happy to say we are all equal Canadians.

Mr. Speaker, I do not think I could end on a happier note than to hope the house will agree with those last words of mine.

Mr. Steven Otto (York East): Mr. Speaker, after listening to the kind words from the hon. member for Edmonton-Strathcona (Mr. Nugent) I rather hesitate to confess that in actual fact, since the lovely young ladies are sitting directly above him, I was trying to catch their eye and had nodded my head to them, not knowing he had been asking me for my consent to speak before me. Thus I accommodated the hon. gentleman; but I think I would do it again.

The Minister of Finance (Mr. Sharp) has left the chamber. I was going to congratulate him on his tenacity for remaining throughout the debate, although many of the subjects touched upon have had little to do with his department. However, I wish to talk about some points which I think will be of interest to all Canadians, and especially to the minister's department, when it comes to the preparation of the financial items to be presented in the main budget.

By and large, Mr. Speaker, I believe we all recognize that for the next few years we are going to be concerned with the repatriation of our industrial destiny. I am not concerned with the amount of control, as is the Minister without Portfolio (Mr. Gordon), and neither are Canadians in general, because control is really an ambiguous thing. I believe Canadians are concerned with the goodies, the dividends, the profits. These are the things they want; and it is no great mystery, because anywhere one goes throughout Canada he cannot help noticing the great mountains of raw materials we have.

It is no secret that we Canadians have a monopoly of uranium. It is an obvious fact that we have a seaway running into the middle of our country. We have the Churchill Falls project now developing. We are rich in hydro power and fresh water. In short, we have an advantage but are troubled that we cannot use it, that we cannot get dividends and profits from it. We know this advantage is being developed, but we also know we do not appreciably share the benefits of it, especially when we compare ourselves with countries like Germany and France, where the action is, but which do not have half the resources that we possess.

This is the problem that concerns Canadians. It is the problem that concerns the cabinet. It is the problem that concerns the Liberal party. We have these good intentions, but the problem is that we could be described as a government of innocence—

Some hon. Members: Oh, oh.

Mr. Otto: —a government of innocence, in the sense of people who are innocent, who could be naïve and fail to face the realities of life. It might be said that with our good intentions we may even be paving the road to oblivion. As the hon. member for Edmonton-Strathcona said, good intentions are not enough: We have to face reality. We cannot be naïve. We have to be slightly cynical. We have to be realists. This is the problem that faces us with respect to control of industry or repatriation of our industry.

We know that 67 per cent of our industrial strength belongs to foreigners. We also know that about 80 cents out of every dollar invested in mines goes to promoters' profit and only 20 cents, if that, goes into the ground. Recent history has shown us that when we try to get Canadians enthused about buying into Canadian companies, something like the Prudential collapse or the Atlantic collapse happens. We run into problems like that of the Western Bank and the Mercantile Bank.

There is a deep rooted problem which must be solved before we can accomplish what we are trying to accomplish. Even if we had the Canadian Development Corporation and got people convinced that they should buy into Canadian industry, and even if the Minister without Portfolio, with all his restrictive measures, could force Americans to throw their shares on to the stock exchange like confetti, nobody will pick them up because of a fundamental weakness at the stock exchange and the security exchange level.

This is where we have failed. In this area we have said that the responsibility under the B.N.A. Act is given to the provinces. The blame is placed on an antiquated piece of paper, which no one has any faith in, but the provisions of which have been overcome many times. In actual fact the B.N.A. Act will permit us to do anything.

• (4:10 p.m.)

We have been able to pass hospital insurance legislation. We have passed the pension legislation, medicare, and assistance to education. We know what has to be done in this regard and I will venture to suggest—and I hope the minister gets the message—how it can be done. We must clear up this whole stock exchange fiasco. We cannot expect Canadians to put in good money and have it disappear into great mansions on Post Road in Toronto, great palaces in Bermuda, yachts, and so on. In other words, we must convince Canadians that if they invest a dollar in a Canadian company they will receive a return. They must be assured that that money will go into the industry, or into the ground, and not into someone's pockets. This is the first task which faces us.

We have already heard about the Canada Development Corporation. I do not think it will be successful if the corporation buys up shares and then tries out some method of distributing them. I think Canadians are so security conscious now, as they should be after the experiences they have had, that they want some stamp of guarantee. You know, we do this in respect of mortgages. We have a National Housing Act and are trying to get Canadians to invest in bricks and mortar. We guarantee this: We say that if you put in $1,000 you will get it back. So, naturally we are great mortgage investors. But, when it comes to shares and equities, we are not yet becoming involved, but there is no reason why this cannot be done.

I would have introduced a private member's bill in such a way that the Canadian Development Corporation would ensure the purchase price of shares of approved companies. This is not so radical as it may seem. It is done every day. This is the job of the commercial banker. If you have a thousand shares of General Motors, General Electric, or any shares, and go to a commercial bank, they will insure them for you. The only thing is that you have to deal with million dollar lots, and a small investor cannot take advantage of that insurance. So we must make provision for this. In that way, without going to the stock exchanges and the provinces telling them that they must abide by our regulations, we can accomplish exactly the same thing by stipulating which companies will be approved by the corporation, and which shares will be approved for insurance. In that way we could control the administration of these stock exchanges.

There is the matter of the prospectus. I am sure you have read many Canadian prospectuses. You can put just about anything in them, so long as it is true. You do not include in them the fact that there is no gold in this particular moose pasture. All you say is that Dr. Jones, a famous geologist, says that in such and such an area of Tanganyika they have found 90 per cent gold, and this type of thing. They have a perfect right to do this, and this is how we get hoodwinked. If you have ever seen the United States prospectuses, especially those filed with the Securities Exchange Commission, you will know that they are not allowed to do this. It is practically a matter of true and false: Is there gold or is there no gold; what is the company's future and what is not the company's future. What we must do in our regulations, before we approve of these shares which will come within the Canadian Development Corporation, is say that we will not take them unless the prospectus follows a certain pattern and is absolutely factual.

Then, there are the financial statements. We should be able to approve of the financial statements. We do not want to see at the bottom of them a statement by the accountant

to the effect that the information supplied is only from documents given to him and therefore that he does not accept responsibility for them. Every chartered accountant firm, or any person who is doing the accounting for a public company which wants to be approved, must say that he guarantees the particulars as of that date. Then you would find there would be a big change and that we would not get into as many of these Prudential and other messes as we have.

Now, let us take the directors of the companies. In the United States, and in fact in most countries where there are successful industries and successful corporate structures at least 50 per cent or 51 per cent of the directors of the companies make their money from the companies. In Canada, except for the president, none of the directors depend on the company for a living. Some very strange disclosures came out last night in the evidence of Mr. Stevens of Westbank. He said that one of the plums of a directorship in any Canadian bank is the right to borrow about $10 million from that bank. This is what the directors are there for. They do not know the banking business, they do not know the construction business and they do not know the manufacturing business. I would say they are professional directors—the elite; they are very conservative and very cautions. How do they make their money? They make their money on the subscription of the shares, because they have control over when the shares will be issued, and by that time they have sold their own.

So, one can see that we have a faulty mechanism. If we insist, before the shares of a company are acceptable to the Canadian Development Corporation, that at least 51 per cent of the directors are internal directors, sales managers, production managers, and so on, then you would have people who would depend on that company and on that industry for a living. We would also have to simplify the procedures. There is no reason that it should cost about $250,000 or $300,000 to put a company on the stock market. By the time you get through with the bonus shares, rights and privileges, there is very little left. Out of $4 million that the investors put in, only $2 million, after the promotion costs, winds up in the treasury of the company and with this the company must try to make a profit to pay the $4 million invested. This is something which must be remedied.

Then, there is the shareholders register. I do not know whether or not anyone has ever tried to contest the directorship of a company. The inside directors know exactly who the shareholders are and, at the expense of the company, they can send out proxies to all the shareholders and, since most of the shareholders send them back, they are in control. But if you are a shareholder and want the list of shareholders, you must give six months' notice, pay the cost, which sometimes is about $18,000, and then by the time you get it is six months behind and therefore is useless to you. You can, however, buy a directorship of a company; it is practically on the market.

This must not continue, because we will not be successful in any of our efforts in respect of the Canadian Development Corporation or in respect of getting Canadians to purchase the shares in companies unless we get this straightened away. The way in which to do it is to set up regulations with which the companies must comply before the government will accept them into the Canadian Development Corporation, and put its stamp of approval on them. When you have done that, no company will be able to opt out of this, because if they do no one will buy the shares. They will all come in; and if all the companies come in, then you will have exactly the same regulations you would have if you change the security exchange commissions.

There is no excuse at all for the government saying "Oh, we would like to do it but we cannot because of the British North America Act". The most overrated piece of dead fish I have ever heard of or read in my life is the British North America Act. It was devised at a time when we were worried about the American invasion. This was 100 years ago, when the provincial and federal rights were absolutely different from what they are now, and even the responsibilities. If we take the initiative first and do this, we can get around it, and no one will contest it; because after all Canadians, regardless of where they live, do not give a darn whether it is a provincial right or a federal right. They do not even know it. They are disgusted to know that they are electing provincial members and federal members in order that they can sit down and fight with each other.

Mr. Herridge: Mr. Speaker, would the hon. member permit a question?

Mr. Otto: Yes.

Mr. Herridge: Does he not realize that the British North America Act to which he referred as a dead fish was drafted in Canada and was simply accepted by the British House

of Commons as a formality, and that this document was the wish of the Canadians at that time.

• (4:20 p.m.)

Mr. Otto: The hon. gentleman made an important statement when he said "at that time". The gentlemen who drafted the agreement are dead, and they had no idea what Canada was going to be like today. I do not blame the British government at all, and I have not said that I do. I said that this was a dead piece of fish as far as we are concerned. I do not understand this continual harping about inherited privileges and responsibilities. To suggest that we have certain rights because our ancestors did something is one thing, but the question is what are we going to do today. That is the situation we must face.

The federal government is at this time responsible for the canal systems. This was perhaps necessary for defence purposes, but I do not understand why canal systems should now be under federal jurisdiction. I think we would be better off if they were under provincial jurisdiction.

Mr. Herridge: That would not help us.

Mr. Otto: I am suggesting that we should disregard the act and take the initial steps, because we want Canadians to buy shares in their companies. We must admit that even if the United States gave us the shares we probably would not accept them because basically we are not share buyers. We are cautious and apprehensive because our money has come to us the hard way, through sweat and saving. The only money which is invested in shares is money come by easily. Money received from dividends will be reinvested, and we need that kind of money. We must induce Canadians not to put their money into bricks and mortar and not to buy mortgages or perhaps even government bonds. Let us sell our bonds to the United States, because we want Canadians to buy equity. Equity grows and brings dividends and profits. These profits can be used for further industrial expansion.

The only way we can accomplish this is by providing some sort of guarantee, and this will not work unless we clean up this whole investment field. One cannot expect good results from good intentions if the basis is wrong. Let us make sure the basis is right. We must acknowledge that in spite of what we do we must have a clearinghouse. Canadians must be able to buy equity through a Canadian clearinghouse; but as long as the rules of such a clearinghouse allow corruption, corruption will take place. The result will be that Canadians will lose faith and we will not accomplish what we are trying to accomplish.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I was intrigued by the assertion of the hon. member who has just taken his seat that we have a government of innocents. He implied that the government has not been able to deal with all the problems which have faced this country because they are innocent. The hon. gentleman has not been here as long as many members on the government front benches, but let me tell him that I recall when they sat on this side of the house and said they had all the answers to our problems. At the time the previous administration was laying the foundations for the prosperity we are now enjoying, hon. members now sitting on the government side travelled from one end of this country to the other claiming they had all the answers, and belittling the foundations for prosperity then being placed on the statute books.

This government of innocents has brought about the highest cost of living, the highest interest rates, the tightest money policy and the highest burden of debt on the individual, municipal, provincial and federal governments in the entire history of this country.

This government of innocents has created a situation in which our balance of payments is almost greater than at any other time in our history. We have a trade deficit in spite of our rising exports. Perhaps what is worse is the declining influence of this nation in the councils of the world. One must also keep in mind the labour unrest which has developed in this country in the last two years. We should also consider the number of bankruptcies and financial finaglings that have taken place furing the last two years. We must then look at those innocents opposite and ask ourselves why they did not do something during the period they have been in office to come to grips with the problems which have faced Canadians.

Only a few short years ago when those gentlemen were on this side of the house they said the pigeonholes were filled with answers to the problems of this nation. These pigeonholes are still filled, because this government has failed to supply those answers, and bring forward legislation to solve our problems.

In this centennial year, three years after the government came into office, we find the present Minister of Finance, (Mr. Sharp) still

faced with problems of bankruptcy, and that there are other serious problems faced by individuals in our society who are trying to find a place in this country and do something to make this the nation it should be.

Mr. Sharp: Just think how much more prosperous it is.

Mr. Nasserden: If the minister believes that the highest consumer debt in the history of this country represents prosperity, then let him laugh and point to that with pride. If he thinks the highest interest rates in the history of our country is something to laugh about, then let him laugh.

Mr. Sharp: I am pleased about the lower rate of unemployment.

Mr. Nasserden: Millions of Canadians today must face the increasing costs and increasing taxation which this government has brought about as a result of waste and extravagance in the administration of the affairs of this nation.

Mr. Sharp: I have not heard any suggestions from the hon. gentleman about how to reduce these expenditures.

Mr. Nasserden: What is the government opposite doing to solve these problems? They are the ones who said the pigeonholes were filled with answers. The government has set up one royal commission after another to study these serious problems, but in the past several years they have not attempted to find a solution to them. Most of the measures adopted by the government have been window dressing.

I remember when the minister brought his budget in some months ago. Apparently at that time he did not think it would be necessary to bring in a mini-budget. At that time he pointed out the unemployment figures to show how they had gone down, but he does not talk about the unemployment situation today. In my hand I have a copy of the Ottawa *Citizen* of February 8 which indicates that unemployment is increasing. I do not intend to read the figures, but this is another indication of what has happened as a result of the careless administration of the government opposite.

• (4:30 p.m.)

A great deal has been said about the housing situation in Canada. I should like to congratulate the Minister of Labour (Mr. Nicholson) upon sponsoring a series of seminars in this country. I had the privilege of attending one held at Regina, the capital city of Saskatchewan. At that seminar the Minister of Labour contradicted himself in much the same way this government has contradicted itself on so many occasions. When the question of the 11 per cent sales tax and its effect on the cost of housing in this country was brought up by one of the contractors at that meeting, the Minister of Labour had the audacity to suggest that, after all, there was no reason why there should not be a tax on building supplies, since there was a tax on everything else. He forgot the important objective of successive governments in this country, to try to do something with regard to the provision of a measure of housing development which would take care of the needs of the new Canadian families which are continually entering our labour markets. When I look at what this government has done with regard to housing and when I think of this 11 per cent sales tax, I cannot help but feel that it has almost destroyed the hope of the young people in this country to own a home and build a future for themselves in the years when they will be raising their families. The Minister of Finance can laugh if he wants to, but I notice he is not laughing now because he knows it is true, and he acknowledged this in the budget last spring when the government decided to remove progressively the sales tax which they had put into effect.

I ask through you, sir, why the government does not go all the way and remove this tax at this time, so as to restore to those who wish to purchase a house some equity in their purchases. After all, these are people who need housing. All I can say to the Minister of Labour with regard to his statement today, that he will reduce the rent by $16 a month, is that this reduction in the monthly payment for rentals does not even cover the increased cost that had been put into effect by the action taken by the government through the 11 per cent sales tax, alone. I want to say to you, sir, that this apparently innocent government since it came to office has cost the individual householder and the individual family in this country a great deal of money.

I wish to speak now about the sales tax on production machinery and building supplies. I believe that in his speech on December 19 the minister estimated that the raising of the sales tax by 1 per cent would bring in revenues of approximately $155 million a year.

Mr. Sharp: I think it is more than that.

Mr. Nasserden: That is what the minister stated as reported on page 11337 of *Hansard*. The minister thought it would be approximately $20 million for the remaining portion of that year. If that estimation contained in the minister's statement on December 19 represented approximately the situation, then we can multiply that figure by 11 and take a look at what it has cost the average Canadian citizen in the last few years to keep in office a government which imposed a major taxation of this kind. This deliberate action by the government has cost the Canadian family approximately $400.

Mr. Sharp: What taxes would the hon. member substitute for that?

Mr. Nasserden: If I were sitting in the minister's seat and had his responsibility I would be able to answer that question a lot better than the minister. After all it was his government which brought in the tax two and a half years ago, and then two and a half years later had to withdraw it progressively because of its effects on our economy. When this tax was brought in we on this side of the house warned the government of the dangers of inflation and of the problems involved in the increasing cost of living and the increasing cost of industrial production.

Mr. Sharp: Look at what we inherited.

Mr. Nasserden: And what did the members on the opposite side say about our warnings? Mr. Speaker, you will recall that they almost called us the enemies of society because we dared to think that anything they would do would endanger the livelihood of the Canadian people. What has happened has been almost exactly what we had forecast, except that it was far more serious than we on this side of the house indicated at that time.

I recall suggesting during that budget debate that the former minister of finance should resign. I recall the vote that followed and the fact that the members of the New Democratic Party in this House of Commons sat in their seats voicelessly when the crucial vote came. They share with the government opposite part of the responsibility for the high cost of living we are experiencing today, for the inflation and for the danger that it presents to the institutions of this country. What happened to the sense of responsibility of the members of that party sitting in opposition, when they remained silent on that issue and refused to vote on a matter which has brought to vast numbers of Canadians an increased cost of living, as well as privation and suffering? This is something that I will never be able to understand. I do not understand how a party which puts humanitarianism first could have taken the action which the New Democratic Party took on that day and in this way denied the very existence of those people whom they claim to represent here in the House of Commons. I am referring to people with limited income.

However, there are other factors which enter into the financial picture in this country. One of those is the lack of incentives in agriculture. When I look at the decreasing production of some of our dairy products and the resultant reduced take-home pay of many of our agricultural people I cannot help but wonder what this government has been thinking of in this regard. I know that the former minister of agriculture said: The Conservatives had a good agricultural policy. However, I suggest to you, sir, that any policy, whether agricultural or other, cannot stand still in this country, in view of the changing situation which is taking place on a daily basis throughout this country. If we do not improve the legislation which is brought forward from time to time, we cannot hope to cope with the problems which face our people.

This brings to my mind our defence expenditures and the fact that the Minister of National Defence (Mr. Hellyer) refused in this house to give information on one of the most vital changes in our armed services that has ever been considered by the House of Commons. I believe that Canadians are concerned about the money that is going into defence expenditures today, because it represents approximately 25 per cent of our tax dollar. There are some people who believe that the best way to economize is to say no, and there are people who believe that real economy is to spend money judiciously and to do the job that has to be done without unnecessary frills. As I survey the plans which have been put forward by the government in this regard, I cannot help but feel that the result of their policies can only endanger Canada's position in the realm of external affairs.

• (4:40 p.m.)

You, sir, know that there are other problems that face this nation. The economic problems are great and every member on the other side wants to call himself innocent, but he realizes the government has the machinery at its disposal, the studies that have been made, and if they wanted to come to grips with the economic problems they could act.

This has been one of the significant failures of the government—the failure to act, the failure to make a decision when that decision was right. This has been followed by a period of deterioration which destroyed a part of the heritage of the Canadian people. We face a situation in this country today when this failure is more significant than it ever was before, particularly when we consider the minister's reversal with regard to the problem of research.

Canada is an exporting nation. All of the nations of the world, and many of them are older than we are, are spending tremendous sums of money on research. Here in Canada, a nation with untold undeveloped resources, we have adopted the reversal of that attitude which has been taken by many other countries around the world. Canada should be putting millions and millions of dollars more into research than any other nation in the world. We have tremendous natural resources. The hon. member who spoke before me referred to them, and was worried about who was going to own them. Well, if we do not undertake any research to develop these resources for this nation, we are not going to be able to own them or to develop them. We will have to depend upon outside interests. I think that is a trend that cannot help but trouble the average Canadian, and which I cannot help but deplore.

The significant fact is that today we are discussing the mini-budget. I recall when this minister became the Minister of Finance. He was going to solve all the problems this nation had, and even when he presented the budget last spring—

Mr. Sharp: Can the hon. gentleman quote his authority for that extraordinary statement?

Mr. Nasserden: Well, there is no better authority than the minister himself.

Mr. Sharp: I never said anything like that. You must have said it; I know you have a great deal of confidence in the minister.

Mr. Nasserden: The minister may not have said that, but he looked it. This afternoon we saw a member of his own party rising to attack the former minister of finance. I think he was thereby aligning himself with the cohorts of the present minister. So far as I can see, there has not been much change. The change has been so small you can hardly notice it.

Canadians are worried about the financial institutions of this country. I am not referring to the ones that seem to be in trouble at the moment or to those that were making he news a few months ago. If we had had this financial uncertainty in Canada in 1961 and 1962, I wonder what the attitude of hon. members opposite would have been? I wonder what their contribution to a debate of this type would have been, with a government such as we have at the present time? These are the people who said they had the answers and now, three years later we find they have not done anything substantial to uphold the financial integrity of this nation. It is a very intriguing thought, to wonder why this has not been done during these three years.

We have had references to the Bank Act, and the position taken by the minister. This position has driven interest rates up, and has encouraged interest rates to rise more rapidly than at any other time. This is one of the things for which this Minister of Finance will be remembered—the highest interest rates in Canadian history and the tightest money in Canadian history. This Minister of Finance will not even rise to the bait; he will not even defend himself against these charges, because he knows they are true. The minister knows this government is responsible for the financial chaos in this country today.

Mr. Sharp: Mr. Speaker, may I ask a question? Would I be permitted to make another speech at the present time without concluding the debate?

The Acting Speaker (Mr. Richard): Will the hon. member accept the question?

Mr. Nasserden: I would be glad to answer any questions.

Mr. Sharp: I have no questions for the hon. member. I asked whether I would be permitted to make a speech without concluding the debate now?

The Acting Speaker (Mr. Richard): Order. I think that this type of interruption is highly unnecessary. I suggest the hon. member continue.

Mr. Nasserden: It does not surprise me at all when hon. members opposite claim they are a bunch of innocents, because I believe there is a feeling across the way that they have failed in their responsibility to the Canadian people. This is one of the reasons the minister not only in the house but across the country, has failed utterly to demonstrate

to the Canadian people the soundness of the policies that have been followed. These policies have not been sound.

Mr. Sharp: The most prosperous time in our history.

Mr. Nasserden: Now, he is talking about prosperity. The only thing that has permitted the continued prosperity of this country during the tenure of this government has been the tremendous sales of grain made to the communist nations. The minister cannot deny that. He said in his budget speech, I believe a year ago—pardon me, it was the former minister who said this a little over a year ago, but the same statement is contained in the annual report of the Bank of Canada.

Mr. Sharp: Mr. Speaker—

Mr. Nasserden: I say to you, sir, the minister—

Mr. Sharp: May I ask the hon. gentleman to quote his authority? There is no such statement to be found by me or by the Bank of Canada?

Mr. Nasserden: I have no trouble in doing that, Mr. Speaker. The statement is found in the annual report of the Bank of Canada for the year 1962 or 1963.

Mr. Sharp: Well, quote it.

Mr. Nasserden: I do not have the report with me, but I remember it very well. I recall that the minister of finance of that day placed the statement on the record of the House of Commons during his budget remarks. I believe most members of the house recall that very well.

When we speak of prosperity in Canada today, let us not forget that a great deal of credit for that prosperity must be given to the hon. member for Ontario (Mr. Starr). During those difficult years, when we assumed the mantle of responsibility, after the people of this country threw out the Liberals, the hon. member for Ontario brought into being a vocational training program that resulted in the construction of a great number of vocational training schools across this country. I have read in the press not only of Canada but of the world that this was the greatest training program of its kind to be found anywhere. It is a tribute to the hon. member for Ontario (Mr. Starr) that he had the inspiration and the vision to bring it about. Thousands of Canadians are able to work today because they are trained and are able to meet the challenge that industry and a modern age presents. I recall, Mr. Speaker, that when we on this side of the house formed the government hon. members opposite attacked the program as being something which was too little and came too late. Yet it has been hailed the greatest program of its kind in the entire world at any period.

[Mr. Nasserden.]

• (4:50 p.m.)

The hon. member who preceded me made some remarks about the British North America Act and I think I should say something in this regard, though I had not planned to. I believe he said that it was an antiquated piece of paper which no one believes in anyway; and he called it an overrated piece of dead fish. This statement comes from a member of the Liberal party, a party which believes in the rights of the provinces and in a united Canada, a party which says it stands for national unity in this 100th year of confederation. Yet no one rose on that side of the house to deny that statement.

Let me tell you, Mr. Speaker, that perhaps all of us in this house believe that the British North America Act can be improved upon. All of us would like to see the provinces get together to restate and to re-emphasize the unity of purpose that existed in 1867. But I think the remarks of the hon. member that this founding paper of our nation is an antiquated piece of paper which no one believes in anyway, that it is an overrated piece of dead fish, are an insult not only to the members of this house but to people in every part of Canada.

The year 1967 is the centennial celebration of the founding of our nation and gives us an opportunity to re-establish the purpose of Canadian life, to re-emphasizs the role of the individual in our society, to create opportunities and incentives that will give to all of us a vital, living part in the development of our nation, and to reward individual effort. I am glad that the Prime Minister (Mr. Pearson) will present centennial awards to Canadians, because I believe we pay far too little attention to the achievements that Canadians are able to chalk up in private life, in the university and scholastic field, and also in industry and labour. I do not think it is any denial of the status of a free people to show appreciation to those who have made an achievement; to single them out and set them on a pedestal so that others may try to accomplish similar achievements.

The Acting Speaker (Mr. Richard): Order. I regret to advise the hon. member that his time has expired.

[*Translation*]

Mr. Raynald Guay (Lévis): Mr. Speaker, for over a year now the federal government has been trying to sustain the present economic expansion, which is now entering its seventh year. This is the longest period we have ever known in peacetime. With sound administration, there is no reason to believe a recession must inevitably follow the present period of prosperity in the country.

On the other hand, if we allow certain pressures to increase, if we do not try to relieve them, prices and costs will become excessive. Capital expenditures will become too great and a period of digestion or indigestion will follow.

The government is trying at present to reduce capital expenditures in order that Canada's long-term needs may be met without causing violent fluctuations, and our present capacity to satisfy capital expenditures may not be exceeded by demand.

In its second annual review, the Economic Council of Canada shows how company investments can become a factor of instability in the economy of our country;

> Declines and expansions in investment have historically been an important factor contributing to the unstable and uneven growth of the Canadian economy.

The council then goes on to point out that although

> —the actual volume of such investment will need to continue to expand considerably from current levels if potential output is to be attained in 1970—
>
> —the recent rate of expansion in investment spending is clearly not sustainable on a long-term basis to 1970 and beyond.

The council suggests that any program aimed at stabilizing expansion,

> —must endeavour to encourage a growth rate of business investment related as closely as possible to the potential growth in production.

That is why the council recommends

> —that serious consideration be given to the possibility of putting off or staggering certain important building projects in areas where a lack of manpower and other resources is particularly serious.

Mr. Speaker, the federal government has accepted these recommendations. In fact, in August 1965, steps had already been taken to prevent excessive accumulation of investments. When the government took this position in August, 1965, not to mention the measures regarding its own investments and those providing assistance to the provinces and municipalities in staggering their programs, it was already asking others to do the same.

The measures announced in last year's budget speech shore up this policy which consists in deferring clearly excessive investment demands, so as to ensure stable and continued expansion.

Three complementary measures have been designed so as to supplement each other.

The measure concerning depreciation, under which businessmen can claim a lower abatement for capital costs with regard to a certain type of assets in the next three years, if they make investments in the next 18 months, is designed to prompt businessmen to defer, as far as possible, their capital expenditures until the end of that period.

The purpose of the third measure providing for a 5 per cent tax on cash profits, that is, profits after taxes, principal repaid on a long term debt, in addition to capital cost allowances, depletion allowances and some other factors, is to consolidate the other two. In view of the $30,000 exemption, it is not aimed at small concerns which, on the whole, will not be paying this tax. The purpose, however, is to temporarily deprive companies of part of the available cash they might otherwise be tempted to spend on capital expenditures. As there is already a shortage of manpower and materials in capital goods industry as well as in the construction industry, any additional expenditures would inevitably bring about an increase of costs and prices due to competition between industries for manpower and materials already in short supply.

The funds remitted to the federal government will bear interest at 5 per cent per annum and will be reimbursed at any time after 18 to 36 months; this will enable the federal government to release them when pressure weakens on supplies and will allow capital investments to maintain their advance at a rate more easily supported.

The idea of a refundable tax on cash profits is entirely new. It resembles somewhat the Swedish plan intended to regulate capital expenditures. It differs in that, apart from the $30,000 exemption, all companies must pay the tax, whereas under the Swedish plan this is optional. It differs also in that the Swedish authorities did not commit themselves to a set time limit for refunding the tax. Finally, in

Sweden the funds may be released only for specific purposes, that is only if they are to be used in specified areas. We believe that, in Canada, our aims will be more easily achieved through the provisions we have proposed.

I should like to point out that special attention was given to the designated areas where the rate of unemployment is usually above average and where extra help is needed. The increased capital cost allowances will still apply to ventures in the designated areas which are eligible to subsidies for new capital investments, thus giving them a double advantage. The income of new manufacturing industries located in designated areas will be eligible for a three year income tax exemption plus an exemption from the 5 per cent refundable tax.

Finally, may I point out that, apart from tax exemptions the federal government will greatly help designated areas through the Area Development Incentives Act, the Rural Development Fund and the Atlantic Development Board Fund. Through all those measures, huge amounts will be spent for the development of the areas concerned.

In closing I should like to point out to the government the urgent need for building at St. Romuald, a most important industrial centre in eastern Quebec, a deep sea wharf which will permit development of the area and cut down unemployment there.

• (5:00 p.m.)

[*English*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, may I begin by saying that it has been brought to my attention that cabinet ministers, having consulted senior officials, have concluded that approximately 100 subject matters requiring legislation await passage through the Canadian House of Commons. Immediately we ask the perennial question, why is parliament so behind in its work? My general answer is this: First, in many instances we have adopted horse and buggy practices and attitudes in the electronic age; second—and I cast no aspersions on any political party—for a young nation, Canada has built into its legislative practices an incredible number of delay procedures.

Since 1867 we have had hundreds of royal commissions. Other speakers this afternoon have mentioned them. Many royal commission findings have been excellent, yet successive governments have implemented not more than 10 per cent of commission recommendations.

I am not an expert on the rules of the House of Commons. I am anything but an expert. Yet it seems that there is a general consensus in the house that many of our rules and procedures are suited more to a bygone age. We have not adopted the committees system of the United States. In Canada, governments continue to send urgent or embarrassing questions to house committees, often not for further study and clarification, but to postpone the necessity of deciding. Many members of parliament take an initial delight in saying that the committees system, as it works these days, serves a great purpose in shedding light on contemporary problems. Through the system members of parliament become profoundly aware of the detailed implications of problems.

I suppose the electors of my district hope that by spending more time in Ottawa I shall become more educated. That is not the *raison d'être,* per se, for my presence in the House of Commons. To educate and shed light is not the *raison d'être* of the committee system. Its real *raison d'être,* as in the United States, should be to quicken the decision making process of government. But, in Canada, the committees system is another part, an added factor, of the built-in delay procedure developed in a supposedly young, pioneering nation.

What else have we done in Canada? We have developed inquiries of all kinds, some of which admittedly are useful. Contemporary problems facing big governments obviously need to be inquired into. The bigger government becomes, the more inquiries are necessary. It is obvious that individual members of parliament cannot be experts in everything. Of course we need some inquiries. Some have been useful; others merely serve to delay the decision making process.

Today we have a new phenomenon. The Minister of Labour has had, within his federal jurisdiction, one strike after another. The strike problem is extremely urgent, and the people of Canada want action. Of course we must study the problem. We can study many precedents in Sweden, and elsewhere in Scandinavia relating to problems under federal jurisdiction. But what do we do in Canada? The Minister of Labour sets up a task force to look into strikes under the federal jurisdiction.

We have a housing crisis such as we have never had before. Instead of action what do we get? We get study groups, symposiums—in plain language, part of the built-in delay

procedure of the Canadian approach to contemporary problems.

When President Kennedy came to power, the moment he talked about a task force, the urgency of the problem was denoted, and the tentacles of the White House went out into the nation. Every expert in the nation was told to apply his knowledge to the problem, to bring about as speedy a solution as possible. The experts were given a delay period within which to report. If they could not report within a specific delay period, under reasonable circumstances the president would grant an extension.

What do we do in Canada? Having had strike after strike within the federal jurisdiction the minister tells us we now have a task force. He sets a few able men at the university level to study the problem of strikes under the federal jurisdiction, yet he has allotted them no time within which to report. We hope that some time in 1968 the minister will report to the House of Commons.

• (5:10 p.m.)

In the meantime this house is faced with tremendous difficulties vis-à-vis strikes under the federal jurisdiction. So we have a new delay of verbiage built into the Canadian experience—the task force. As I have said, one of the real reasons we are approximately 100 pieces of legislation behind in our work is that we have developed horse and buggy attitudes and techniques in the electronic age. We are told that in this electronic age an instantaneous poll of public opinion can be made available on any given date about any given issue. What has this meant to leadership in the western world?

Obviously, if Churchill or Franklin Roosevelt had relied on such polls as these, Churchill would not have stood up to Hitler the way he did and Roosevelt would not have led America out of isolation into the second world war. Today's political leaders are relying more and more for guidance on poll soundings made possible through modern techniques. Instead of speeding up the decision-making processes of modern government, the new facilities are, in fact, delaying them.

Statesmanship and the art of government is just that—an art form. It is not a matter of trying to lead on the basis of poll soundings. Far too many leaders are reading the polls instead of going ahead on courses which they believe to be correct. Of course, they must read the polls; they must read them scientifically and intelligently so as to have a good knowledge of the obstacles they would face when they try to "sell" their policies. But far too many cabinet ministers in this government, and far too many political leaders in the western world, are today being led by polls instead of reading the polls to make a scientific analysis of the kind of persuasion they will have to use in order to carry out programs and policies which they deeply believe will be good for the people. This is one of the reasons for the delay in the decision-making process in modern government.

I pause briefly, here. In 1867 the Fathers of Confederation faced certain basic problems as they tried to pull this country together. These included relations between Canada and the United States and the relationship between the French speaking and the English speaking people—federal-provincial relations, and the like. In 1967, both domestically and abroad, the same two basic problems face Canadian legislatures—the unity of our country and our relationship with our great neighbour to the south. It is my impression that we are not making progress in the solution of either of these two major problems, because of our horse and buggy attitudes in an electronic age.

I believe that one of the greatest causes of delay in our decision-making process here in Ottawa lies in the area of federal-provincial relations and constitutional reform. The buck is passed between Ottawa and the provinces while urgent issues are held up.

[*Translation*]

Why? Because we did not really improve the system of permanent consultations between Ottawa and the provinces and second—

Mr. Pepin: That is not true.

Mr. Grafftey: It is true. The minister says that is not true, but look at what he is doing about the problem of pollution; it is one study after another. However, as far as the Canadian people are concerned, we do not need all those studies. What the people are asking for today is action and nothing is being done in the field for which the Minister of Energy, Mines and Resources is responsible, because we have not brought our constitution up to date or set up permanent consultations between Ottawa and the provinces.

It is all very well for the minister to study the problems of air and water pollution, but the time has come when the Canadian people are asking for action. Let me tell you simply

that this results from the fact that we did not improve the permanent consultations between Ottawa and the provinces, because we never really solved in co-operation with the provinces the problems of our economic and social priorities and also because we never did modernize our Canadian constitution, in short we did not adapt it to the present times.

Mr. Pepin: Would the hon. member permit me a question?

Mr. Grafftey: Yes.

Mr. Pepin: Since he is now complaining about insufficient federal-provincial relations, how is it that, in other circumstances, he and his colleagues from the Progressive Conservative party are precisely complaining about the fact that those federal-provincial conferences are so numerous and have become so important that they tend to take away powers from parliament? This is something I cannot understand.

Mr. Grafftey: I quite agree with the hon. minister, we must have conferences. The minister is very sincere and I would not like to minimize the importance of such studies, of such conferences with the provinces; but I think we have discussed this matter together outside the house.

I wish to make the task easier for the minister by suggesting a modernization in depth of our constitution. At any event, we have not modernized the Canadian constitution, and I do not want to prejudge the results of conferences that must be held with the provinces. Perhaps the British North America Act is flexible enough for our present needs; perhaps it must be amended in one way or another; perhaps it is absolutely necessary to have a new constitution adjusted to modern times, but assuredly it is high time for us to study the matter, Mr. Speaker.

[*English*]

What has happened in the United States where there is today a fairly good relationship between the states and the federal government? In the United States, the federal government is taking direct action on all questions affecting one important new form of government, namely metropolitan areas. Here in Canada, failure to act in terms of planning priorities, both social and economic, in conjunction with the provinces; failure to improve consultative machinery between Ottawa and the provinces, and failure to embark on the work we must do in order to obtain a modern constitution suited to modern times means that many important contemporary problems are not being attacked by any level of government. I do not say this in any partisan way; I realize the extent of the difficulties which are involved.

What has happened in this house in the past few months? The Minister of Finance (Mr. Sharp) says we can do nothing more about the cost of living because we do not really have sufficient constitutional power. The provinces say, "That is not our responsibility, it is the federal responsibility." What is the minister in charge of C.M.H.C. saying as he goes around the country? He is saying it is really a provincial responsibility, and the provinces are saying that the federal government should take the real initiative. The buck gets passed between Ottawa and the provinces and so we have no real action on the cost of living and on prices.

• (5:20 p.m.)

We question legislators on both the provincial and federal level about the greatest housing shortage the nation has ever seen, but what is happening is that the two levels of government are bickering, one with the other, while this supposedly rich nation, with the second highest standard of living in the world—

Mr. Sharp: Hear, hear.

Mr. Grafftey: —is ill housed. I agree that the standard of living is high, but wouldn't the Minister of Finance agree that we are running out of housing while the Minister of Labour goes across the country having symposia, study groups, and tête-à-têtes with authorities on the provincial level? If he does not act now, we will not be building the houses that we need for Canadians this year.

Mr. Pepin: Oh, oh.

Mr. Grafftey: The minister groans, but I am sure those who are ill housed will groan with him.

There are other examples of problems not being dealt with because of our failure to strengthen federal-provincial relations. There are the problems facing our cities such as urban blight, urban renewal, water and air pollution, and transportation communication difficulties. We are told by the Minister of Industry (Mr. Drury) that we cannot have any real, immediate action on auto safety because of possible confusion about jurisdiction in Canada. Have you ever heard anything so ridiculous in your life, Mr. Speaker

—a young, pioneering, dynamic country going to wave the constitution over people dying on the highways?

The Canadian people will not tolerate the delay procedures built into our system, while Ottawa and the provinces pass the buck, one to the other, and we fall 100 pieces behind in legislation. We are not even dealing with many of the major problems facing modern constitutional governments.

Mr. Pepin: May I ask the hon. member a question or two?

Mr. Grafftey: Yes.

Mr. Pepin: Does he recognize the value of the federal system in Canada?

Mr. Grafftey: I recognize the value of the federal system in Canada.

Mr. Pepin: In the federal system is it not normal that jurisdiction should be divided between two orders of government?

Mr. Grafftey: Right; jurisdiction should be divided between two orders of government.

Mr. Pepin: Then is it not normal when one order of government does not do what it is supposed to do, for the other order of government to remind it of what it is supposed to do?

Mr. Grafftey: Right. In 1867 the Fathers of Confederation did the best possible job they could, but in 1967 a whole host of new problems have arisen which they could not possibly have envisioned. I contrast this with what happened in the United States. The Americans drafted their first constitution; it did not really work so they had to do the job again. We drafted the B.N.A. Act. We passed it in England. We put it in a museum case and we are told there is something about it that we cannot touch.

Just this afternoon a supporter of the government suggested that we at the federal level cannot protect investors in Canada, and that the Minister of Finance was having trouble in that respect. I say the Minister of Finance is having real and sincere difficulties doing his part to protect the Canadian investors because of our out-moded approach to federal-provincial relations.

In Canada we shall have to do what they did in the United States. We shall have to face up to the task of drafting a new constitution. The Americans scrapped their Articles of Confederation and wrote a new constitution, which seems to be working quite well for them now. We shall soon have to begin that second stage in Canada. I am not saying we should necessarily tear up the B.N.A. Act, but we should form an all-party committee of this house as soon as possible, to meet with similar bodies in the provinces. I do not minimize the difficulties which we are going to have, but I do say that every day we wait is a lost day.

The Minister of Finance is supposed to be doing some good with his counterparts in the provinces in trying to get financial agreement, but that job will be easier for him if we can get on with the job of fundamental constitutional reform first. Let us not put the cart before the horse.

Mr. Pepin: That is what you are doing.

Mr. Grafftey: The Minister of Energy, Mines and Resources (Mr. Pepin) and I are having an honest argument.

Mr. Pepin: May I ask another question.

Mr. Grafftey: Yes.

Mr. Pepin: Does the hon. member not recognize that in recent years we have had tremendous *de facto* changes in the whole balance of power and revenues between the two orders of government?

Mr. Grafftey: Of course we have. I have to agree.

Mr. Pepin: Does he not recognize that this was done without formal constitutional amendment? Does he not recognize that this was done within the old B.N.A. Act as it stands now?

Mr. Grafftey: Well, supposing I admit all these things, does that get us away from the fact that we have had delay because of bickering between the federal and the provincial level? I am not saying this in a partisan way. It happened when we were in government and when other Conservative governments were in office, and it will happen again unless we do something about it. For a young, modern, so-called pioneering nation we have too many delaying procedures built into our structures, with the result that we are continually passing the buck between Ottawa and the provinces. I am sure this buck passing does not happen to the same degree in any other nation of the world.

As a government supporter said so well a few minutes ago, investors in Canadian companies do not really care whether they are protected by the federal or the provincial

governments. All they ask is that they be protected. Let us stop having this bickering in these areas between both levels of government and find out some other method of tackling the problem.

If the Minister of Energy, Mines and Resources thinks my approach to constitutional reform is wrong, can he suggest some other approach to me that can minimize the effect of what is going on because of this buck passing between Ottawa and the provinces? I may say that I think the minister is doing a very remarkable job in the resource field, even under present conditions, but this buck passing is the main reason which creates disillusionment in the body politic in general.

Mr. Pepin: My main reason for objecting to this colossal Congress-of-Vienna approach to constitutional reform is simply the implication placed behind it, that nothing is being done now. That approach distracts from the reality of constitutional changes now taking place in Canada. Second, faith is being planted in the minds of the people that this great conference would solve all problems.

As I said yesterday in Montreal, such a meeting would turn into a circus because you would have at it all the representatives of all the parties in Canada, all the provincial leaders, all the presidents of all the important public-minded organizations, the Saint Jean Baptiste Society, the Canadian Clubs, the universities and what not. People are being led to believe that this would be the beginning of a great constitutional reform in Canada It should be obvious that progress does not come that way. Again the population is being distracted from the real changes now taking place.

The Acting Speaker (Mr. Richard): Order. The minister and the hon. member for Brome-Missisquoi (Mr. Grafftey) will appreciate that many of us are being entertained by this repartee or discussion, but it is hardly in order for the debate to be transferred from one side of the house to the other except through the medium of a question, and I suggest that the hon. member for Brome-Missisquoi should continue his remarks.

Mr. Grafftey: Mr. Speaker, I hope that the dialogue between the minister and I was not pure entertainment. I thought his interventions were very informative, and I welcomed them. Maybe they were not exactly in the form of questions, but we shall have to have the kind of intervention that we are having now, because basically speaking, Mr. Speaker, whether we like it or not, constitutions are political documents and it is politicians who will have to deal with them in the end.

I would agree with much that the minister has said, but I maintain that we need to do something. We should change our horse and buggy attitude in the electronic age, and modernize federal-provincial relations so as not to give the Canadian people the impression that nobody has direct authority over questions such as the housing shortage, the cost of living, water and air pollution, questions facing modern metro government that did not exist in 1867, and even questions regarding automobile safety. If not, this country is going to fall farther and farther behind. The time to face up to this job of work is now and, as I said before, every day we delay is a lost day.

• (5:30 p.m.)

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my remarks in this debate will be limited and perhaps a little parochial in nature. I trust that the house will bear with me. The first matter with which I should like to deal is in respect of a situation of which I am sure the minister is aware. This is something which arises from time to time. I should like to use a specific example so that the minister will understand just what it is I am speaking of. This is a case where an individual enters into what could be, and has been, construed as a business venture for gain. In the course of seeking advice from the local income tax authorities, he was left with a misunderstanding or unawareness in respect of the full extent of the application of the Income Tax Act with regard to what is and what is not taxable income. Subsequently, however, in making out his return he included information concerning certain money earned together with a computation of profits made, and so on. In other words, he made no attempt to hide a particular transaction; but in the computation of the tax payable he does not include this as taxable income.

His return is filed and, in this particular case, three years go by. Cases arise, either by way of automatic spot checks or accidentally, where certain returns are checked. In any event, this particular return was checked. It was determined that while indeed the taxpayer had been completely honest and factual in filling out his return, he failed to include this amount as taxable income. From his point of view there was justifiable reason for this. The whole matter then becomes a matter for review. The individual is persuaded that his

original interpretation perhaps was not correct or that the advice given him by his solicitor was not correct. He then pays the overdue tax. However, in this particular case he finds that he is subject to a 6 per cent penalty in respect of the intervening years when this tax was not paid.

I am sure these are not rare cases and I am concerned about the unfortunate situation in which such persons find themselves when they are assessed this penalty. I suppose the question is, who ultimately is responsible. Is it not the responsibility of the people in the department to properly assess and check all income tax returns? Are we faced with a situation in which people are playing a game of Russian roulette? Are there hundreds of people—unlike this person who was honest in filing his return—who are playing a game of Russian roulette with the officials in the Department of National Revenue in an effort to escape paying taxes? Is this what is happening?

This has caused Mr. Fryer, to whose case I have been referring for the past few moments, grave concern. It has caused him concern to the point where he is asking pertinent and, I think, quite justifiable questions. I should like to read into the record part of a letter, so that we can understand the extent of his concern about this:

> As a taxpayer I am convinced that inefficiency does exist in this department and I cannot accept the excuse that they do not check all the income tax files every year but only spot check them. It is a well known fact that the employees in this department are not overworked and never have their work up to date so with the number of employees they have and with all the latest computing machines available the checking of each file every year should be a very simple matter—

He raised numerous other points. There is no attempt on his part not to pay what it has been decided and determined by due process of assessment by the taxation division of the Department of National Revenue is due. What he objects to, after having acted honestly and in good faith, is that three years later he finds that he must not only pay the tax that is due but also this additional penalty. It seems that the attitude of the department is a mechanical one. The act says one thing and that is the way in which it is interpreted and enforced. There seems to be no capacity to absorb what in effect Mr. Frank Fryer of Halifax, in this particular case, understands not to have been his responsibility. I would hope that at some point in the near future the minister would be able to deal with this as a general problem.

Now, Mr. Speaker, I should like to raise one other matter which has been of some continuing concern, I am sure, to all members from the maritime provinces. This is a very broad and general matter. It has to do with the whole field of government incentives and the approach which the government now is taking in a haphazard fashion to raise the standards of the people, and the opportunities for employment in the Atlantic region, up to some kind of an acceptable level in relation to the rest of Canada.

As you know, Mr. Speaker, unemployment in the maritime provinces now runs somewhere in the order of 10.5 per cent. Apart from the attempts of the previous government, over the last 25 years there has been absolutely nothing done in a positive or concrete way to overcome this difficulty. Depending upon the area, I understand that unemployment in Canada runs from about 3.8 per cent to 6.4 per cent. The average is only about half as high as it is in the maritimes. The government must accept a part of the responsibility for this situation, because of the shotgun approach which is currently in vogue in respect of incentives. On a number of occasions in this chamber arguments have been put forward in support of extending the area incentives program to embrace the Atlantic region. That argument has been shot down for a number of reasons, the paramount one being that it would establish a precedent which the government does not want established. That is a very short-range view, and shows a lack of imagination or intelligent approach.

• (5:40 p.m.)

We must appreciate the extent and magnitude of the unemployment situation in the maritime provinces. The solution to this problem has been associated with incentives to increase secondary industry. As long as the government continues to follow the shotgun approach to these problems connected with industry, fishing and farming, as well as defence, power, import and export traffic, and the broad field of transportation, no lasting solution will be found. The government must adopt one concerted plan before this extremely high level of unemployment in relation to the rest of the country will be changed.

Recently we passed a massive transportation bill. Transportation is a key factor in the lifeblood of the Atlantic provinces. A good transportation system would encourage and make possible the development of viable secondary industry, and without it secondary industry cannot even locate there, let alone

flourish or participate in the growth of national income. At this time we are experiencing a waiting period. This is a further frustration in our attempts to bolster a sagging economy; it is a further frustration in our attempts to catch up to the rest of Canada.

We are waiting for the conclusion of a special study of maritime transportation problems. It is hoped that this special study will have embraced the entire economic spectrum of transportation and its effect upon the economy of the maritimes. If it does not, I am sure when we reach such a debate the maritime members of parliament, regardless of their political affiliation, will band together to overcome the shortcomings and shortfalls of the recommendations.

The government must apply to this whole massive problem the philosophy that in the long run it will be good for Canada to build a viable, live and prosperous Atlantic area. I am sure no one disagrees with that philosophy; yet we find ourselves unbolstered and unsupported by any co-ordinated federal activity in this field, such as that which fires the imagination of those people who have some understanding of the situation when they contemplate the proposed Fundy tidal power development project. The conversion of this tidal power to electricity is of such tremendous magnitude that in the Bay of Fundy this could provide the greatest source of water-power on the North American continent. The potential source of electric energy is of such tremendous magnitude it could be the largest single source of hydro power on this continent, even if only a small proportion of it was tapped. What should such a tremendous source of power mean to the maritime provinces? I could not even begin to outline the economic impact that would result, or the impact that would result if a start were made on this project some time this year.

In answer to those who object to this massive development of hydro power, let me say that I do not believe this will be a complete answer to the problems of the power hungry Atlantic provinces at this time, or perhaps even in 25 to 30 years. Let me remind hon. members that at this time United States authorities have plans to expand the power capacity of the Hoover dam complex. The United States is not only prepared to go forward with this project, it is in the advance stages of doubling or tripling the power capacity of that complex at an expenditure of some hundreds of millions of dollars.

[Mr. Forrestall.]

• (5:50 p.m.)

I have no idea what it would cost the Canadian taxpayer to move into this Fundy tidal power project, but such a development would have a tremendous impact on the economy of the Atlantic provinces. We have all observed the delays in respect of the Churchill Falls development. This whole development has been a matter of attention for a considerable number of years, but we are still not using power developed there. I do not know why this is so. Many obstacles have had to be overcome. However, the point I wish to make is that it took many years to get to the stage at which we find them now. Because of these obstacles, are we not to proceed with the Fundy tidal power? We know it is a transmission route, and therefore the cost to the power-hungry centres in the northeastern United States and in central Canada, areas which are closer to it, will be a lot less. We are aware that massive investments would have to be made in order to bring this about, but if it is approached on a reasoned basis it could mean the total rejuvenation of Nova Scotia, and indeed of all the Atlantic provinces. They say that it is difficult to describe the total power potential of the tides of the Bay of Fundy.

Mr. Speaker, before I run out of time I should like to mention one other point, and this again is something that the government can do if it is not prepared to bring all of the approaches to maritime problems under one authority, and that is to take a serious look at the import-export traffic, the future of international shipping, and in particular the adequate development of the port of Halifax to absorb and accept the cargoes that will be transported by water within the very near future. Already we have seen the extension of massive ships into the bulk cargo transportation scheme, such as oil transportation. The government should be encouraging our oil industries in Canada to give consideration to the development of central depots for receiving oil from South America. It has been explained that in view of the present planning and technological developments it will always be cheaper to bring oil from South America than from the west. We are not asking for massive expenditures which would be required to put a pipe line into our area; indeed this is not what we want. We can accomplish the same thing, which would have a good effect on our balance of payments, by trading this great natural resource.

What we have to do in order to accomplish this is not only to talk about it for the next

four or five years, but to decide now to move ahead with it so that the industries and the interests that are directly concerned and involved in this kind of enterprise can themselves plan accordingly. The establishment of a central oil depot which will accommodate three, four and five hundred thousand ton bulk carriers must be considered now. We have the natural facilities in the harbour, we have the necessary depth of water and all we need is a determined decision on the part of the government to move ahead with it. It is a self-liquidating expense. I assure the minister that the cost involved would be returned much more quickly than will be the cost of the seaway.

The port of Halifax must be developed now to accept cargo ships of this magnitude. It must be designed so as to include the concept of the integral train. We must stop thinking of transportation in a dual sense; it is not. Goods moving from the source of manufacture to the source of sale must be considered as an integral transportation package. Like the Fundy power, the theory of the integral train staggers the imagination. It is a simple extension of the ship to the rail. It is the movement of cargo out of the ship and directly to a massive train which is not owned by either the C.N.R. or the C.P.R. but rather is owned by a corporate entity involved in the movement of the particular goods. It may be a consortium of interests, it may be west coast lumber interests moving lumber and lumber products into the European market, and it may be a consortium of interests which has bought the rolling stock and accepts the responsibility for everything that is involved.

Preliminary studies have demonstrated the benefits of this system of the integral train. The massive or unit train system is a slightly different concept. However, surveys have shown us that we can now accept the proposition that transportation by rail can be even cheaper than transportation by water. The salvation of the port of Halifax as a viable economic contributor to the economy of Canada depends on this. These are not rhetorical propositions. Lack of action on the part of the government can only result in a chronic unemployment situation in the maritimes. I wish the St. Lawrence would stay frozen until around 1980, at which time the government may get around to doing something about these two or three necessary developments. The number of people working on the waterfront today compared with five years ago is staggering, and the impact has been felt on the economies of the two principal ports in the maritimes. May I call it six o'clock?

Mr. McIlraith: Go ahead.

Mr. Forrestall: I wish to say a few more words about unemployment. Unless the government acts in these three major areas, namely the secondary industries, the Fundy tidal power and the harbour development, the maritimes will continue to suffer from a lagging economy. Unless something is done quickly our share of the national growth will not increase and we will continue to have high unemployment throughout the winter months. At present I believe it is some 10.5 to 11 per cent.

Mr. Drury: Will the hon. member permit a question? I wonder if he, in relating the question of high unemployment in the maritimes to the failure adequately to develop sea transportation, is aware that the British American Oil Company is proposing to establish a $40 million refinery on tidewater in Nova Scotia?

Mr. Forrestall: Mr. Speaker, I think the hon. member for Antigonish-Guysborough (Mr. Stewart) who for the moment is sitting on the wrong side of the house, has welcomed this announcement, just as much as I welcome it. British American Oil has been talking about this for many years. I am sorry that the Minister of Industry had not mentioned this half an hour ago, so that I could speak on it.

Mr. Muir (Cape Breton North and Victoria): Will the hon. member permit a question? Is he certain that the minister really knows where the Atlantic provinces are, because he has forgotten them throughout the time he has been here?

Mr. Forrestall: May I answer this question briefly, Mr. Speaker? I am not yet sure whether the minister knows where the Atlantic provinces are, but if he made such an announcement every day he might convince some of us by the end of the year.

May I call it six o'clock.

• (6:00 p.m.)

Mr. McIlraith: Before we call it six o'clock, Mr. Speaker, I wonder if there would be some disposition to pass some of the resolutions and introduce the consequent bills? I have in mind items Nos. 122, 126 and 127.

Mr. Starr: Agreed.

Legislation

Mr. McIlraith: Perhaps we could call resolution item No. 122.

Mr. Deputy Speaker: Does the house give unanimous consent to proceeding with these three resolutions?

Some hon. Members: Agreed.

GOVERNORS GENERAL OF CANADA

MEASURE TO PROVIDE ANNUITY UPON RETIREMENT

Hon. G. J. McIlraith (for the Prime Minister) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the payment of a retiring annuity to Governors General of Canada and to their widows.

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

Resolution reported and concurred in.

Mr. McIlraith thereupon moved for leave to introduce Bill No. C-265, to provide for the payment of a retiring annuity to the Governor General of Canada.

Motion agreed to and bill read the first time.

PUBLIC SERVICE

AMENDMENT OF VARIOUS ACTS RESPECTING SALARIES OF OFFICIALS

Hon. G. J. McIlraith (for Minister of National Revenue and President of the Treasury Board) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Canada Grain Act, the Income Tax Act, the International Boundary Waters Treaty Act, the National Energy Board Act, the Railway Act, the Tariff Board Act, the Canada Elections Act, the Financial Administration Act, the Representation Commissioner Act, and the Appropriation Act No. 4, 1964, with respect to the salaries of certain public officials.

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

Resolution reported and concurred in.

Mr. McIlraith thereupon moved for leave to introduce Bill No. C-266, to provide for the revision of certain salaries fixed by statute.

Motion agreed to and bill read the first time.

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, TRAVELLING EXPENSES, ETC.

Hon. L. T. Pennell (for Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Judges Act to revise judicial salaries and certain provisions of the said act respecting the payment to judges of travelling allowances and other expenses; and to provide further for certain changes in connection with the administration of the act.

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

Resolution reported and concurred in.

BUSINESS OF THE HOUSE

Mr. McIlraith: Tomorrow, Mr. Speaker, we will continue—

Mr. Starr: What about the introduction of the bill?

Mr. McIlraith: The Clerk informs me that the bill covering the last item is not on the table. Tomorrow we propose to continue with the budget debate, and following that the budget bill consequent upon the budget.

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

HOUSE OF COMMONS

Thursday, February 9, 1967

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication.

Ottawa, February 9, 1967

Sir:

I have the honour to inform you that the Honourable Robert Taschereau, P.C., Chief Justice of the Supreme Court of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 9th February, 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,
A. G. Cherrier
Assistant Secretary to the Governor General

COMMITTEES OF THE HOUSE

Twelfth report of standing committee on public accounts—Mr. Hales.

Fifth report of standing committee on justice and legal affairs—Mr. Cameron (High Park).

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

• (2:40 p.m.)

SPORTS

HOCKEY—TABLING OF REPORT BY COMMITTEE OF ADVISORY COUNCIL

Hon. A. J. MacEachen (Minister of National Health and Welfare): I should like to table two copies in English and two copies in French of the report on amateur hockey in Canada by the hockey study committee of the national advisory council on fitness and amateur sport dated January, 1967.

Mr. Speaker: Does the minister have permission to table these documents?

Some hon. Members: Agreed.

INCOME TAX

IMPLEMENTATION OF VARIOUS AGREEMENTS RESPECTING DOUBLE TAXATION

Hon. G. J. McIlraith (for Mr. Benson) moved the first reading of Bill No. S-56 (from the Senate) to implement agreements for the avoidance of double taxation with respect to income tax between Canada and Trinidad and Tobago, Canada and Ireland, Canada and Norway and Canada and the United Kingdom, and to implement supplementary income tax convention between Canada and the United States of America.

Motion agreed to.

CANADIAN CENTENNIAL

FAILURE TO DISPLAY PORTRAIT OF THE QUEEN IN CENTENNIAL TRAIN

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would ask the Prime Minister whether he got in touch with the centennial commission regarding the unjustifiable omission of the Queen's picture from the confederation train. Did he receive from a high official of the centennial commission the answer which was given yesterday by that official, that the reason for the failure to display the Queen's picture was that "this is a Canadian train"?

Right Hon. L. B. Pearson (Prime Minister): I did get in touch with the commission, who informed me that the monarchy, and the place of the monarchy in our history, is evoked by various displays in the train but that there is no picture of the Queen herself in the confederation train. The centennial commission is taking immediate steps to repair that omission.

Some hon. Members: Hear, hear.

LABOUR CONDITIONS

JOINT DISCUSSION WITH AUTOMOBILE COMPANIES RESPECTING MAJOR CHANGES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of Labour with respect to a meeting which he and his colleagues had yesterday with the delegation of the united auto workers from Oshawa? Press reports indicate that the delegates renewed the request they made last year asking the government to urge the auto companies to enter into joint discussions regarding any major changes which were likely

to cause dislocation in the labour force. I should like to ask the minister whether such an appeal has been made to the auto companies and, if so, what response has been received from them.

Hon. J. R. Nicholson (Minister of Labour): Yes, Mr. Speaker, my colleagues and I discussed this matter with a delegation whose membership had hardly changed since November last, soon after the question also arose. I told them at that time that our approach to the companies collectively had not been too successful, and I had hoped we might work it out with the individual companies concerned rather than on an industry basis.

I reported yesterday that we were making some progress with one of the companies, and I expected to have a meeting within the next 10 days or so with the chief executive of this one company that has shown interest. Actually a date has been fixed for this meeting, not next week but the week following, and I am hopeful that my colleague the Minister of Industry (Mr. Drury), and I will both meet with him on that occasion. Further action will depend on what transpires at that meeting.

Mr. David Orlikow (Winnipeg North): As a supplementary question I would like to ask the minister would he give consideration to informing the companies that refusal on their part to co-operate with the government and labour in this important consultation might mean that the government would reconsider the whole question of the auto pact?

Mr. Nicholson: That may be the way the hon. member would act, but it is not the way I would act.

Mr. Douglas: As a further supplementary, may I ask the minister whether the government is still adamant in its decision requiring the workers to use up all their supplementary unemployment benefits before they will be eligible for transitional assistance benefits? Is this a firm decision, or is the government giving it reconsideration?

Mr. Nicholson: Mr. Speaker, my colleagues and I assured the delegation yesterday that the further representations they had made would be carefully considered, and I might add that we were in conference with them for some two and a half hours.

Mr. Orlikow: As a further supplementary I would like to ask the minister if in the event that his type of persuasion, which has not worked until now, does not work, and if the minister is opposed to direction, what other course does the minister propose to take?

Mr. Speaker: Order. This question is doubly hypothetical.

NATIONAL SECURITY

CALVIN MACDONALD—APPEARANCE BEFORE ROYAL COMMISSION

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I wish to direct a question to the Prime Minister. Has the government received any request from Mr. Coldwell, commissioner on the national security inquiry, that he be relieved from his functions so Mr. Calvin Macdonald might testify before this commission and receive a fair and unbiased hearing?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received no such communication, nor do I expect one. There is nothing to prevent Mr. Macdonald appearing before the commission.

Mr. Langlois (Mégantic): As a supplementary question, would the Prime Minister consider looking into this problem and studying all its aspects, and then report back to the house as to the intentions of the government in this respect to give Mr. Macdonald a fair hearing?

Mr. Pearson: I have looked into it, and I know of no reason why Mr. Macdonald should not have a fair hearing before the board.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Arising out of the question asked by the hon. member for Mégantic and without in any way prejudging the situation, does the Prime Minister not feel in view of all the circumstances that when Macdonald appears—if he does—before the commission, Mr. Coldwell, if any suggestion were made, would withdraw while Macdonald was giving his evidence, Macdonald having advanced the idea that he had already made representations that had been swept aside?

Mr. Pearson: I have no information which would warrant any request to Mr. Coldwell that he should withdraw from this commission in any of its activities.

Mr. Diefenbaker: Just for that particular witness.

Mr. Pearson: I think it would be a reflection on Mr. Coldwell and the commission if he were asked to withdraw in respect to this particular hearing.

Mr. Diefenbaker: It is done every day in the courts.

TRANSPORT

DORION, QUE.—FURTHER ACTION FOLLOWING LEVEL CROSSING ACCIDENT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to direct a question to the Minister of Transport which relates to the recent inquest into the Dorion school bus level crossing tragedy, which criticized both the C.N.R. and the Board of Transport Commissioners. Is the minister taking any action himself to clear up this inquiry, or are there any plans afoot that will deal with this level crossing problem in a more effective way?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, without making any observation about the verdict of the coroner's inquest, which I think would be unwise for me to do, I may say that I believe the inquiry by the Board of Transport Commissioners, which was postponed until the coroner's inquest was completed, is to start on Monday. Until that inquiry has been completed I think it would be premature for me to make any observation at all on this subject.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport supplementary to the question asked earlier by the hon. member for Red Deer. In view of the strong criticism in the report of the coroner's jury both of Canadian National Railways and the Board of Transport Commissioners, will a study be made to make sure that there are not other similar level crossings still in existence at which other tragic accidents might take place?

Mr. Pickersgill: Mr. Speaker, as I am sure the hon. gentleman well knows, these matters are under consideration all the time by the board. I did not want to be obliged to say that the Board of Transport Commissioners has made recommendations about this particular level crossing and unfortunately the other parties who would have to be involved have not responded in this particular case. It is very regrettable that this should be the case.

Mr. Knowles: A supplementary question, Mr. Speaker. In view of the charge that there was negligence on the part of the Board of Transport Commissioners, should not something be done to make sure that the consideration is more effective?

Mr. Pickersgill: I am quite sure that in this particular case there was no negligence on the part of the Board of Transport Commissioners.

EXTERNAL AFFAIRS

VIET NAM—POSSIBLE EXTENSION OF PROPOSED CEASE FIRE

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Secretary of State for External Affairs. I should like to ask the minister whether he has knowledge of any possible extension of the truce in Viet Nam. I should also like to ask the minister whether the Canadian government accordingly is making any contribution.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I dealt with that question yesterday when I replied that we had taken appropriate steps. I have no further information to give now, but I can say that every effort is being made to extend the period of the truce from four to seven days. I sincerely hope that if that is agreed the truce will last beyond the seven days.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, a thought has just come to mind. Because this matter is one which affects the people of the world and because I believe Canadians generally feel there should be a cessation of the bombing—I believe this is the feeling across the country—would it not be helpful if a resolution to that effect were given consideration by the House of Commons?

Mr. Martin (Essex East): Mr. Speaker, this government has made it clear that we believe there should be a cease fire. Our views with regard to the cessation of bombing are well known. The United States government has said that it is prepared to stop the bombing provided there is some reciprocal action. There was a statement the other day by the minister of foreign affairs for North Viet Nam which we believe may have advanced the position somewhat. The statement was to the effect that they were prepared to enter into talks once the bombing was stopped. In the light of these statements this whole question is again being carefully examined.

Inquiries of the Ministry

HOUSING

REQUEST FOR UPWARD REVISION OF MORTGAGE CEILING

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question which is directed to the Minister of Labour is based on the D.B.S. figures published yesterday which show spiralling increases in housing costs. In view of this situation, is the government seriously considering revising the mortgage ceiling for home loans in the near future.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I have nothing that I can usefully add to the answer I gave yesterday on this subject.

Mr. Grafftey: I have a supplementary question, Mr. Speaker. The question asked yesterday was not in respect of the mortgage ceiling. In view of the present situation, particularly as it exists in Toronto, could the minister assure the house that the government is going to come to a conclusion very quickly?

[*Translation*]

ACCELERATION OF CONSTRUCTION IN SAGUENAY-LAKE ST. JOHN AREA

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I wish to put a question to the Minister of Labour in connection with his statement to the house last January 30.

Can the minister tell the house whether he will recommend to the Central Mortgage and Housing Corporation any increase in residential housing in Saguenay-Lac-Saint-Jean?

Mr. Speaker: Order. The hon. member's question is rather specific in character and deals with a particular area; for these reasons, I suggest it cannot be put now.

Mr. Simard: At ten o'clock, Mr. Speaker.

[*English*]

BANKRUPTCY

MANITOBA—PROCLAMATION OF LEGISLATION RESPECTING PAYMENT OF DEBTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the President of the Privy Council, although I believe it should be addressed to him in his capacity as Registrar General of Canada. Could the minister tell us whether the regulations under part X of the Bankruptcy Act, which we amended earlier this session, have been enacted; and whether part X, having to do with the orderly payment of debts, has been proclaimed for Manitoba?

Hon. Guy Favreau (President of the Privy Council): Mr. Speaker, I wish to thank my hon. friend for having given me due notice of his intention to put this question. The answer is no, but I think it requires a very short explanation.

The superintendent of bankruptcy, in cooperation with the Department of Justice, has prepared draft rules and forms for the purpose of part X, and these draft rules and forms have been sent to the provincial authorities in Manitoba for their comments. As soon as these draft rules and forms are accepted by the provincial authorities they will be submitted to the governor in council.

We have not as yet received a request from the lieutenant governor in council of the province of Manitoba pursuant to section 198 of the Bankruptcy Act that part X be proclaimed by the governor in council to be in force in that province. My understanding is that before making such a request, the provincial authorities wanted to satisfy themselves that the proposed rules and forms for part X would make the legislation operational.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—POSSIBLE CONSTRUCTION CHANGES

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Minister of Public Works and relates to an answer he gave yesterday afternoon to a question posed by my colleague the hon. member for Queens (Mr. Macquarrie). In view of the fact his department has received Mr. McCulloch's report I am wondering whether he will give us some information as to whether any changes will be required in respect of the Prince Edward Island causeway construction?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, if any need for changes arises I presume it will be announced.

REQUEST FOR PROGRESS REPORT ON DIGBY-SAINT JOHN FERRY

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I should like to ask the Minister

of Transport whether he is in a position to give a progress report on the discussions taking place in respect of the Digby-Saint John ferry. Will the minister confirm that Mr. Darling of the Canadian Maritime Commission is involved in these discussions?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the answer to the second part of the question is yes, and the answer to the first part is, not yet.

Mr. Bell (Saint John-Albert): I have a supplementary question. May we expect some action in this regard before the commencement of the tourist season this year?

Mr. Pickersgill: Mr. Speaker, is the hon. member seriously suggesting that a new ship could be built before the commencement of the tourist season this year? If he is, I think he ought to consult his local shipyards.

CANADA ASSISTANCE PLAN

INQUIRY AS TO PREPARATION OF REGULATIONS UNDER ACT

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. Is the minister as yet in a position to indicate how soon regulations under the Canada Assistance Act will be ready for promulgation in order that many very needy cases in the country can be looked after?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the regulations have been approved and appeared in the *Canada Gazette* on February 8.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

CHICOUTIMI, QUE.—PROTECTION FOR MANPOWER MINISTER

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the hon. Solicitor General of Canada, who is the minister responsible for the Royal Canadian Mounted Police.

Could the minister tell us how many members of the R.C.M.P. went to Chicoutimi during the last week-end, in order to protect the hon. Minister of Manpower and Immigration?

Mr. Speaker: I do not think this question is in order.

Mr. Grégoire: At ten o'clock, Mr. Speaker.

[*English*]

WOMEN

INQUIRY AS TO PERSONNEL OF ROYAL COMMISSION

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to ask the Prime Minister when we may expect an announcement regarding the appointment of the rest of the members of the royal commission on the status of women, and when that commission will commence its work.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope to be able to make that announcement this week, and expect the commission will then be able to commence its work next week.

ADMINISTRATION OF JUSTICE

REQUEST THAT OLD CRIMINAL RECORDS BE EXPUNGED

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in view of the resolutions passed by the John Howard Society and the Ontario Bar Association suggesting that during the centennial year provision should be made to expunge from the criminal records any convictions of individuals who have served their time or have been granted full pardons and who have not returned to crime for a period of five or ten years, does the government intend to take any steps to adopt these suggestions in order that the records of these individuals may be cleared? I have particular reference to the case of a New Waterford, Nova Scotia individual which was directed to his attention for examination some ten days ago.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I thank the right hon. gentleman for giving me notice of his intention to ask this question. I respectfully agree that this is a matter worthy of serious consideration, particularly at a time when the Criminal Code and the Parole Act are under study for possible amendment.

AGRICULTURE

INQUIRY AS TO SETTING UP OF FEED GRAIN BOARD

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Minister of

Forestry and Rural Development. I am wondering whether the minister can indicate when we may expect an announcement of the setting up of the feed grain board.

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Before March 15, I hope, Mr. Speaker.

[*Translation*]

QUEBEC—MANAGEMENT OF RESOURCES UNDER ARDA

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I should like to direct a question to the hon. Minister of Forestry and Rural Development.

Has the agreement under the ARDA program to carry out the eastern Quebec development scheme been signed with the province of Quebec? If not, will it be signed soon?

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): Negotiations between the two governments are proceeding normally, Mr. Speaker.

[*English*]

LABOUR CONDITIONS

SEAFARERS UNION—CHARGES LAID IN U.S. COURT AGAINST CANADIAN OFFICIAL

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Labour. I apologize for not sending him notice, but I had intended to ask it tomorrow. A few days ago I brought to the attention of the minister that Mr. Donald Swait, secretary treasurer of the Seafarers International Union, had been named as a co-conspirator in a court in Chicago with respect to the bombing of a Canadian ship. The minister said he would make inquiries. Has he anything to report?

Hon. J. R. Nicholson (Minister of Labour): I must confess that I have not, Mr. Speaker. Had I received notice I would have had an up to date report. It happens that recently I have been away from Ottawa quite often or I would have followed up this matter. I will do so and let the hon. member know very shortly.

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY AS TO EXCHANGE ARRANGEMENTS BETWEEN FRANCE AND CANADA

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Minister of Industry and of Defence Production.

As a result of the trade mission to France and the report published in that connection, could the minister tell the house whether profitable relations and exchanges have been established between France and Canada regarding technical development and other joint projects?

Mr. Speaker: I feel this question is much too general to be put on the orders of the day.

Mr. Allard: At ten o'clock, Mr. Speaker.

SPORTS

QUEBEC WINTER GAMES—ATTENDANCE BY MEMBERS AND SENATORS

On the orders of the day:

Hon. René Tremblay (Matapédia-Matane): Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare.

In view of the fact that the winter games are starting in Quebec over the week-end and that these are important events in the centennial of confederation celebrations, would the minister consent to make representations with the organizers of these events so that all members and senators may be invited to participate at the inauguration of these winter games?

[*English*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I will be delighted to have this matter brought to the attention of the president of the winter games. The Prime Minister will be holding a reception in Quebec city on Saturday at noon, and I hope all members of parliament will find it possible to attend.

COAL

INQUIRY AS TO PERSONNEL OF PROPOSED CROWN CORPORATION

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the right hon. Prime Minister. May I ask the right hon. gentleman what success he is having in recruiting personnel for the Cape Breton development corporation, announced by him some weeks ago, or how soon may we expect an announcement of the personnel of this corporation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, negotiations in regard to the establishment of the corporation are still going on. We hope to be able to make an announcement shortly on this very important matter.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO APPOINTMENTS TO FILL VACANCIES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in connection with appointments, would the Prime Minister advise the house the present position regarding the presidency of the C.B.C.? Mr. Ouimet is left in a state of suspended animation, and there are the positions of general manager and vice president to be filled. When will these positions be filled, so the C.B.C. can function with that efficiency and sense of direction that parliament can expect when that organization has leadership?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in view of the criticism that is levelled at the C.B.C. by hon. gentlemen opposite I would not think it is in a state of suspended animation. Without accepting the premise of the right hon. gentleman's question, I would point out that the C.B.C. has a president. The vice president resigned the other day. Steps are being taken with a view to filling that particular post. I believe these matters were being considered last night at a meeting of the board of directors.

Mr. Diefenbaker: There was some reference in the press to the effect that certain names were before the government with respect to the presidency. I cannot ask, of course, whether that is so, but does not the Prime Minister agree that in recent months there has been a grave uncertainty in the C.B.C. which is a natural consequence of the failure to appoint officials to that body?

Mr. Pearson: I am also aware of the fact that there is a white paper dealing with broadcasting which will be considered by a parliamentary committee. After that consideration has been completed there will be a report. That report, I assume, will be the basis of legislation in regard to broadcasting in Canada so far as it concerns the C.B.C. and will have a very direct bearing on the organization of the C.B.C.

Mr. Starr: This session?

Mr. Diefenbaker: I have one other question, Mr. Speaker. Are the appointments to await consideration by a parliamentary committee on broadcasting? Surely the Prime Minister does not expect such further delay, because already the delay has been inexcusable.

Mr. Pearson: Mr. Speaker, there are no vacancies at the moment except the one I mentioned, and that is being filled.

FISHERIES

PRINCE EDWARD ISLAND—REGULATIONS REGARDING LOBSTER SEASON

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Minister of Fisheries. In view of the recent announcement with respect to regulations for district 7B for the lobster fishing season, I wonder whether the minister will be able to provide more definite instructions for fishermen planning for the spring season.

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, I believe the announcement I made recently regarding the trap limit for district 7B was clear and to the point. I am sure it was well understood by the fishermen and by the delegation that met with me to discuss this matter a few days before I made the announcement.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. In the regulations referred to by the minister there was the comment "extenuating circumstances" which I think interested many fishermen. I wonder whether it is planned to give some clarification about this expression.

Mr. Robichaud: Mr. Speaker, I do not think the question period is the time for me to explain what "extenuating circumstances" means.

Mr. MacDonald (Prince): A further supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. I doubt that either of the questions asked by the hon. member was in order. It seems to me his question is a little too limited, and I think it should be placed on the order paper or discussed at ten o'clock.

Inquiries of the Ministry

HEALTH AND WELFARE

STILBESTROL—POSSIBLE HARMFUL EFFECTS OF OVERFEEDING TO ANIMALS

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I would like to address a question to the Minister of Agriculture but in his absence I will address it to his parliamentary secretary. In view of the reports of the possibility of overdosage in the feeding of stilbestrol to animals, with possible harmful effects to humans who may consume their flesh, has the government asked for further investigation into this dangerous situation?

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I will be happy to bring the hon. member's question to the attention of the minister.

[*Translation*]

NORTHERN AFFAIRS

"GRANDE HERMINE" TRIP TO GASPÉ FOLLOWING EXPO '67

On the orders of the day:

Mr. Albert Béchard (Bonaventure): Mr. Speaker, I wish to direct a question to the Prime Minister.

Having met this very day a very important delegation from the Gaspé peninsula, does the Prime Minister intend to join those who will board the *Grande Hermine* when that ship leaves Montreal for Gaspé, the cradle of Canada, after Expo '67?

Mr. Speaker: I would suggest that the parliamentary secretary come back tonight at ten o'clock to answer his own question.

Mr. J. R. Keays (Gaspé): Mr. Speaker, I would like to ask a supplementary question which you might allow.

Will that ship be seaworthy?

[*English*]

CANADIAN CENTENNIAL

MASSACHUSETTS—PROPOSED HOLIDAY ON JULY 1 TO HONOUR CANADA

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. It refers to a bill in bilingual form which is now before the Massachusetts state house of representatives which in effect declares July 1 a state holiday in honour of Canada and our centennial. I wonder whether the Prime Minister is contemplating some suitable gesture in response to this significant display of friendship and affection between the peoples of Canada and the United States of America.

Right Hon. L. B. Pearson (Prime Minister): I will certainly be glad to look into this, and I thank the hon. gentleman for bringing this matter to my attention.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, February 8, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, in rising to take part in this debate I think my opening remark must be that in my opinion and from my experience in this house the speech made by the Minister of Finance on December 19 was the most peculiar budget speech that was ever presented to this house. I say it was peculiar because in theory the minister was saying that he advised the government to proceed cautiously in one direction, and at the same time condoned the action of the government in proceeding at full speed in the opposite direction. The minister on the one hand cautioned the government and on the other condoned the action they have taken although he is against it.

The main message I get from the budget speech is that the government is spending more money than the Canadian people can afford to spend. I think the minister has presented this problem to the house very well, although he has offered no solution whatsoever and no suggestions as to how to stop this trend. In certain parts of his speech the minister appears to advise against any action which would cause an increase in expenditures, but admits that he has been unable to convince his colleagues in the cabinet that his theory is correct, so he proceeds to explain to the nation how additional revenues can be obtained to enable the government to continue its present spending spree.

Some questions come to my mind which I would like to ask the minister. Has the minister admitted his failure to impress upon the cabinet that the danger flag is flying with

regard to expenditures, or are his right wing ideas being overruled perhaps by some more powerful personalities in the cabinet? Last night on television I heard a speaker say that the present government has two ministers of finance; one to tell the people what they should do and the other to advise the cabinet to do the opposite. Is the minister making provision for a way out when the balloon eventually goes up so he can say "Don't blame me. I gave you this warning but you took no notice of it"?

In my view the most important statement in the minister's budget speech of December 19—and it appears on page 11331 of *Hansard* —was when he said:

> I want to repeat what I said in this house on September 8 and on other occasions, that we must moderate the rate of increase in new public expenditures.

Apparently the minister repeated this statement time and time again in the house but no notice has been taken by his own colleagues of what the minister said.

Further on he goes on to say:

> Neither the capacity nor the willingness of Canadians to pay higher taxes should be taken for granted.

I should like to ask the minister why the government is prepared to impose higher taxes. How much money is the public of Canada paying in taxes every year? The sum is astonishing, and the minister has given us the figures in his speech. I suggest the Canadian people have a right to expect the Minister of Finance, who is supposed to understand Canada's financial position, to take steps to see that the goose that lays the golden egg is not killed.

I am afraid this is not what he has done. We have a right to expect our Minister of Finance to issue warnings not only to the public of Canada but also to the government which is spending this money. As he said, he issued a warning to the government on September 8 and on many other occasions that it must curtail its expenditures. From all the evidence in the house it appears that the minister has voted on every occasion to accept accelerated expenditures, although he now tells the government that it should not be spending so much money.

Mr. Sharp: The trouble is that I get no help from the opposition.

Mr. McIntosh: You would get some help if you put pressure on the former minister of finance. We are not quite sure which one we should support, but if the present Minister of Finance supported his own statements by appropriate action we would also support him.

Mr. Sharp: May I ask the hon. member why he advocates even larger expenditures?

Mr. McIntosh: Mr. Speaker, I think I should clarify this. When did I ever advocate larger expenditures? All I can say to the minister is, either put up or shut up.

Mr. Sharp: Mr. Speaker,—

Mr. Speaker: Order, please. I think the hon. member for Swift Current-Maple Creek should be allowed to continue his speech.

Mr. McIntosh: Thank you, Mr. Speaker. Not only did the minister issue this warning; he also confirmed it in his budget speech. He said:

> It is already evident, however, that our expenditures will continue to rise next year quite apart from the guaranteed income supplement.

He also said:

> I now forecast that our budgetary revenues before the tax changes I shall propose would be approximately $8,240 million compared to $8,300 million forecast in the budget last March.

In fact there would be a decrease of $60 million from the budgetary revenues forecast on September 8.

The minister stated further:

> Our surplus in terms of the national economic accounts I would forecast at roughly $140 million compared with the budget forecast of $455 million.

In fact the surplus in the national economic accounts will be reduced by some $315 million. The minister continued with more proof which he has apparently put before the people of Canada and before the cabinet. He went on:

> • (3:20 p.m.)
>
> Our net financing requirements for non-budgetary transactions, before tax changes and excluding transactions in our own debt, I estimate to be $342 million compared with $190 million at the time of the budget—

That shows an increase of $152 million in net financing requirements for non-budgetary transactions. These several statements of the minister add up to the fact that we are close to the point where the government is spending more than the people of Canada can afford. As the minister himself said, it is all too easy to anticipate growth in our revenues

and to commit ourselves to spending programs that outrun it.

I suggest to you, Mr. Speaker, that this is exactly what the present government is doing. Its spending is outrunning the money that is coming in. The government is even running out of ideas on how to collect additional revenues from the people of Canada. We on this side, knowing the dangers and the problem of financing the budget, ask the minister why he does not prevail upon his colleagues in the cabinet to hold the line on expenditures within the several departments. We want to know the reason that each department is not holding the line on its expenditure. I can find nothing in the budget speech of the minister to indicate that the government is making any effort to curtail its expenditures.

It appears to me, Mr. Speaker, that the minister has been warned by his officials that the danger flag is flying, but that he has been unable to stop the spending spree launched by the government, or that this spending spree has been accelerated to such extent that the government has lost control of the brake and cannot stop it. It seems that each department is trying to race the other to obtain cabinet approval for the largest possible expenditure, without regard to the source of revenue.

The minister stated that to raise all the revenue which is required by all governments in Canada, which to use his figure is currently running at about $18 billion a year, a large variety of taxes and charges must be levied. This includes not only federal expenditures but provincial and municipal expenditures. In fact, Mr. Speaker, if my arithmetic is correct the tax requirements amount to $900 for each man, woman and child in Canada today. If I break that figure down, for the average family of four the breadwinner must provide $3,600 in taxes each year before he can even consider feeding and clothing his family.

This amount of $18 billion required by way of taxation every year within this nation amounts, I believe, to roughly the total amount of money on deposit in Canadian banks at the present time. In other words, almost a lifetime of savings is required to pay each year's taxes to run this country. Therefore I suggest that a halt must be called at some point. There must be a revision of our tax laws and a halt called to government expenditure until revenue catches up with expenditure.

Such a figure as that to which I have referred, Mr. Speaker, I suggest is alarming considering the income of the average family in this country. I contend that this government should be stopped from spending more than it can afford, and stopped before we find ourselves in an accelerated inflationary period or are forced to devalue our currency to the point where it is useless as a medium of exchange. In other words, Mr. Speaker, the government must be stopped before it bankrupts the country.

One would expect, Mr. Speaker, the press and financial critics to have a responsibility to the people of Canada and to focus attention on the uncontrolled spending taking place in this country. I suggest, as others in this party have suggested, that the press are not doing their duty by failing to focus attention upon proper topics. They would much rather take something speculative or sensational and blow it up. I suggest they are not doing the service to the country that is expected of them. The press at this time should prove to the people of Canada the value of the freedom of the press in a democracy by informing them of the financial dangers which lie ahead for Canada if this government's uncontrolled spending is not curtailed.

Why is the press so reluctant, we would ask, to criticize this government and give the public the true facts? It appears that the majority of publishers are more political than the politicians, or at least more Liberal minded than the Liberals. They belittle any attempt on the part of the official opposition to offer constructive criticism at any time on practically any subject to come before parliament. The press, knowing the political affiliation of their publishers, time and time again have charged the opposition with filibustering and obstructing practically every major piece of legislation which has been debated in this house during the current session, and I would say perhaps also in former sessions.

This point, Mr. Speaker, was well documented by one of my colleagues, the hon. member for Simcoe East (Mr. Rynard), in a press release a short time ago, in fact directly after the debate on medicare. I should like at this time to put on record, for the sake of the press if for nobody else, this paragraph which is contained in the press release of the hon. member for Simcoe East.

Mr. Pepin: Does he agree?

Mr. McIntosh: I agree with what he said, and it was this:

I have used this example of the needless debate on medicare because of the frequent government charges that we, in the Conservative party, are

obstructing the government's legislative program. Indeed, this charge is levelled at us every time that we are not prepared to go along meekly with whatever legislation the government brings in. We are charged with obstructionism when we opposed the Hon. Walter Gordon's first budget. That our opposition was well-founded was proved by the fact that little of that budget lasted beyond the debate stage. We were charged with obstructionism when the first Canada pension plan was introduced. But that bill, too, you will recall, was withdrawn and one almost entirely different in its concept was substituted.

I might interject here, Mr. Speaker, that to my mind either one was a monstrosity. The hon. member continued:

We are being charged with obstructionism in the bill to unify the armed forces and in our efforts to eliminate the "means test" from the present proposal to increase old age pensions only for those who have incomes of less than $60 monthly. I think I can safely claim that, in many cases where we have criticized government legislation, where we have opposed passage of the legislation in the form in which it was introduced, our opposition and our criticisms have been constructive and have been in the best interests of the Canadian people as a whole.

We make no apology, Mr. Speaker, for the action we have taken on most of these bills, or for the constructive criticism we have offered. In fact it is our duty as members of Her Majesty's loyal opposition—indeed it is the duty of all members of the opposition—to constructively criticize government legislation; and I am only sorry that other parties in the opposition have not taken the opportunity of offering similar criticism.

I wish to deal for a few moments with charges of obstruction with regard to the armed forces bill. Our criticism of the Minister of National Defence is identical with our criticism of the Minister of Finance. Both have informed the Canadian public of problems within their jurisdiction, but neither appears to offer concrete or realistic solutions to overcome these problems. This has been the basis for most of our criticsims all through this session, Mr. Speaker.

The Minister of Finance has told us that we are spending more money than we can afford to spend but at the same time he is making provision to spend additional sums beyond that which the government is now spending and has in its treasury. Rather than being realistic about the problems in his department and solutions to those problems, the minister has launched on a program of mystification with which he hopes to lead the public down the garden path.

• (3:30 p.m.)

I am convinced that the term "unification" is coined. It means nothing. Speaking before in the house I have said that the unification issue comes down to nothing more than a change in wording, with the word "royal" being deleted from "Royal Canadian Air Force" and "Royal Canadian Navy". It may mean a common uniform for all forces but it does not mean much more than that.

For the press the unification issue was an excuse to build up a potential leader for the other side. We have been told we ought to be careful not to destroy the Minister of National Defence. Our own followers tell us, "Under no conditions do we want him destroyed. We do not want his chances to be leader of the Liberal party destroyed. So far as we are concerned, we should like to see him as leader of the Liberal party". I say, God help Canada if the minister ever becomes prime minister.

The sum total of the minister's efforts in jockeying with the term "unification" will prove, when the smoke has cleared away, that he had no conception of the real problem facing his department, the lack of any national defence policy for Canada. The problem is not whether the forces should all have the same uniform or whether the word "royal" should be deleted from the names of some formations, which the minister has shown may be done under his definition of unification. As I said before in the house, the minister's propaganda about his mysterious policy of unification will prove to be the most gigantic hoax ever perpetrated on the Canadian public. It involves nothing but a change of uniform and deletion of the word "royal".

In the process of obtaining information from the minister we in the opposition were charged with filibustering, obstruction and an anti-unity conspiracy. I tell the minister there was no conspiracy, no filibuster and no obstruction. I am sure every member who spoke on this issue was genuinely concerned about the radical change implied in the minister's press statements or in the inferences the press drew from his statements. The minister did not realize what he had implied but it became plain after the press had dealt with it that it was something very serious. In fact, so serious was this matter that a great number of senior officers in all services threw up their hands in disgust and resigned.

We do not apologize for our concern about national security. In a democracy it is not

enough to trust blindly that the government will decide wisely vital matters such as finance and national defence. Every responsible citizen has a duty to understand what is happening and to exercise his judgment on questions that seem complicated and difficult. It is not hard to understand that we cannot spend more money than we have. Only a certain number of sources yield money.

Even the Liberal press became concerned about the minister's lack of clarification on the issue of unification. They ventured such statements as:

> One reason for the doubts and questioning of the opposition is that the government's complete plans for integration or unification are as yet vague and undefined.

Those plans are still vague and undefined. They are still mysterious. For what purpose are funds allocated to the Minister of National Defence? The situation remains the same as it has been. The government never has had complete plans in regard to national defence and it still does not have complete plans. The Liberal press has also said:

> Critics of the integration program have three major objectives: 1. They want to see maintained the identity of the three services, even within an integrated defence organization.

I understand that the three services will be retained.

> 2. They would like to see a halt made now in the integration program so that problems that have arisen can be examined.

There will be problems with integration but problems would arise with any process.

> 3. And they would like to have a full inquiry made into future plans of the government in this field so that their impact can be properly assessed.

I suggest that on this occasion the press made a fair assessment of our objectives. The liberal press went on to state:

> In the circumstances it is no more than right that the government should be willing to lay its cards on the table so that the armed services and the Canadian people can see what the government is trying to do and can then give the government's plans the consideration they deserve and should have.

After listening to the minister's introductory remarks on Bill C-243 and observing his silence with respect to questions about press statements he released, it became obvious to many of us that the government has no up to date defence policy. The minister, perhaps because he is taking advice from the wrong people, as we have suspected for some time, is not aware that in our time the technique of war is changing rapidly and that all nations must adjust their thinking to cope with these changes. Canada is no exception. We have suggested several times that the minister look at what France has done. The French realize they have not too much money to spend. They cannot increase their national defence budget, but their armed forces are as effective, perhaps more effective, as they have ever been. The French have cut down their manpower and increased their firepower. That is what our defence policy should achieve.

For the minister to formulate a realistic defence policy he must accept some modern facts. I will enumerate some. I have said time and again in the committee and I repeat now that it is the minister's duty to inform the public of these facts rather than to bewilder them with the myth of unification. Unification means nothing; it is no different from the integration which would take place in any event.

An hon. Member: Mystification.

Mr. McIntosh: Yes, that is a good word. The minister has mystified everybody, including his department.

Returning to the point, first, and possibly most important, I believe the minister must accept that the only defence possible for Canada now and in the future is on a continental basis. Our friends across the border to the south have for some time developed the defence of their country on that premise. In so doing they will defend Canada whether we want them to defend Canada or not. These are facts which must be faced and dealt with. We are a proud nation, wishing to retain our sovereignty, but if we wish to share the benefits of this security we must share a proportionate burden of the cost. I do not say we should bear half the cost and the United States the other half, because we have 20 million people and the United States has over 200 million. But we should pay 10 per cent of the cost to defend the North American continent. We should be proud to pay that share in order to retain our sovereignty.

• (3:40 p.m.)

We want some say in what will take place in connection with the defence of the North American continent because, though small in numbers, we own a large part of it. In fact, the only justification for Canada having a defence force of any kind in the latter half of the twentieth century is in order to participate in some system of collective defence. This is another fact we must face. In other words, our defence policy, if any, must be based on

alliances in order to be effective. I see the Associate Minister of National Defence (Mr. Cadieux); he will note that I say "if any". Once our forces have been dissipated in accordance with the system of collective defence to which we are committed there is not much left. So why bring in the question of unification which does not mean anything very much—a change of badges, a change of name and putting everyone into the same type of uniform?

For a number of reasons, chiefly geographical, Canada cannot afford to assume an isolationist or neutral role. The old role of neutrality has gone by the board. No country can be neutral unless an aggressor will observe that neutrality. This was clearly demonstrated during both world wars in the case of Belgium and Holland. What did it profit either of those countries to be neutral when the aggressor decided to move his forces through them anyway? This is something Canada must accept.

If the Minister of National Defence wishes now to form another force to be placed under the United Nations to act as a police force and carry out an armed police role, I would not quarrel with him. That might be a good idea if the government, in its wisdom, decided that such a thing should be done. But let us not fool the Canadian people as to the value of our forces. I say the government was right in limiting the budget of the Department of National Defence to $1.5 billion. Our role now in the collective defence of the North American continent is defined. We know what equipment we need. I suggest it should not be exceeded in the absence of good and just cause.

Before I resume my seat I should like to take this opportunity of thanking the parliamentary secretary to the Minister of Transport for focusing attention on the government's views with regard to the Crowsnest pass rates. In a publication which I believe is issued in his constituency there is an article written by the hon. member himself. The heading is "The Crow's Nest Rates" and beneath it we read: "By James A. Byrne, Kootenay East MP". If this represents the policy of the government it is beyond me how we can ever expect to have unity within our country. I would not mind if the statements made in the article were correct. Maybe I would blush if they were correct. But they are not. Surely the parliamentary secretary, who deals with this type of thing, should understand what he is doing. I can see no hope for our country when the people who are supposed to be running it for us do not understand the situation. The hon. member said in this article:

> The western farm members of the House of Commons are continuing a blockade of a bill to amend the Railway Act this week—

This word "blockade" is a new one. The government has accused us of obstruction, it has accused us of conspiracy it has accused us of filibustering. But now the word is "blockade". The hon. member went on:

> What is it all about? Mostly their fear, it would seem to me, that the public may be provided a means under the act to determine some of the facts about statutory grain rates, commonly known as the "Crow's Nest Rates".

Later we find these words:

> The farm members, well aware that they have a good thing going for themselves (rates for the carriage of grain that were in effect in 1897) do not want the taxpayers in the rest of Canada to learn the facts.

That is an out and out lie. I think the majority of Canadians know the facts, and for no consideration would we try to hide those facts from them. In case the hon. member does not know, let me remind him of what happened at that time. There was an agreement between the Canadian Pacific Railway and the Canadian people. The hon. member said further:

> Following a prolonged discussion with the government the C.P.R. entered into what hindsight has proven to be one of the most imprudent arrangements in the history of railroading.

But in any agreement there are two sides to the question. The hon. member has implied that the people of western Canada are enjoying a privilege which other people in Canada do not enjoy. I say this is an out and out lie. I could go into details about the tariff situation which we in western Canada condone.

I wonder whether the hon. member knows what the C.P.R. has obtained in return as a result of the concessions which were given under the agreement at that time? I suggest that no assessment could possibly be made now as to the advantage which this agreement brought to the C.P.R. In any case, the fact remains that an agreement was made at that time. I presume it was made by intelligent people representing the government and the railway company and both sides must have been satisfied that a good deal had been made. To say at this point that the C.P.R. came out on the short end of the stick is utter nonsense. Wise as the hon. member appears to be, and wise as he may appear to his

constituents, he has failed to bring out both sides of the argument. He has not only told a falsehood; he has not been fair. Let him tell us how the C.P.R. is benefiting from the agreement before he starts an argument.

Again, let him not forget for a moment what the production of wheat in western Canada means to the whole economy of this country. If he would follow this up he would find that in Vancouver, for instance, where no wheat is grown, a great many thousands of dollars flow in daily because wheat is grown on the prairies and transported to that port.

Had it not been for the revenue Canada obtained from wheat sales the present Minister of Finance (Mr. Sharp) would have been in a very difficult position a couple of years ago. It might be accepted that the Crowsnest rates constitute a type of subsidy. The fact remains, however, than an agreement was made between two bodies and once an agreement is signed that agreement sticks. We are here to see that people like the hon. member for Kootenay East and the minister he supports do not bring in by the back door something which they could not bring in by the front door.

• (3:50 p.m.)

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, studying as we are in this house the supplementary budget, or rather the mini-budget as it has been called, reminds us that more than ever federal budgets tend to condition our economy, to stabilize it, and to spare us the type of disastrous depressions we have known in the past.

Consideration of the consequences the budget can have leads us to examine certain deficiencies in our economy, to attempt to diagnose them objectively and to suggest remedies. For my part, one of the sorest spots, one of the most damaging deficiencies in our economy at the present time is the proliferation of labour conflicts throughout Canada.

While keeping in mind the workable possibilities of a budget on the economy, I should like to refer, as briefly as possible, to the situation regarding labour disputes, to the possible cause, in my opinion, of this proliferation of labour disputes, of strikes, if you like, to their effects on the economy and the desirable aims of those concerned with labour relations, and finally to suggest briefly some solutions which the government could consider and perhaps eventually apply through appropriate pieces of legislation.

[Mr. McIntosh.]

I believe we have reached the point where the Canadian people are desperate in the face of the great number of strikes being announced every day. The point has been reached where the workers involved and the unions themselves are wondering whether strikes, as a means to settle labour disputes, are not outdated by the current economic situation and whether the time is not ripe to seek less costly solutions first for the workers but also for the public affected by the disastrous consequences of such strikes occurring too frequently these days.

To obtain a clear understanding of the situation, Mr. Speaker, we should take a look, for instance, at the number of strikes in Canada since 1961, let us say, up to 1966 inclusive. For 1966, the figures must be estimated for the last two or three months of the year. Since 1961, we have figures which are accurate enough and we find that, from 1961 to 1966 inclusive there have been in Canada, 2,870 strikes and lock-outs. This means a yearly average of 480, which represents about 40 per month. And there is no indication of any reduction in sight. Looking at the figures, they seem to be increasing every year. Some will claim that strikes are a symptom of health. I have some doubts about that.

Mr. Speaker, 2,870 strikes and lock-outs mean 11,424,050 man-days lost to the country, and I do not include the last five months of 1966, because the statistics have not yet been published. You will admit that this is fantastic. Those are days when the Canadian economy has failed to operate, when the Canadian production has brought no profit to the country. Whatever the reasons to justify that—and I submit that there are justifiable reasons—I must nevertheless say that that is disastrous to our country's economy.

If you try to assess those things in terms of dollars, Mr. Speaker, and if you take as a basis something very modest, for instance the five-day week at eight hours per day, at an average hourly rate of $1.50—everyone will agree that this is very modest and, in my opinion, even below average—this means a loss of $137,088,600 in wages in Canada between 1961 and 1966. This does not take into account the days and the wages of workers indirectly affected by the strikes, who were forced to stop working, even though they were not on strike, because certain related industries were themselves paralysed during that period; neither do we take into account the loss of income suffered by companies affected by 11,424,000 man-days lost. Mr.

Speaker, I feel the situation has reached disastrous proportions for the economy of Canada.

You will note, and I wish to make this clear right away, that I am not trying to blame anyone. I want to make my comments as objectively as possible. I am not trying to find fault with the labour movement nor the government. I am trying to analyse a problem and make positive suggestions to the responsible members of government, with a view to correcting this situation because, as I said, the labour movement itself is beginning to feel this has gone too far; I am referring here to the rank and file, which does not necessarily include leaders of labour organizations who, because of their position, are not always free to express personal opinions or say everything they know; I am talking about the ordinary worker who is the first person affected by these strikes, in his personal economy.

It is therefore a truly alarming situation and, just to make the information complete, some of my hon. friends may be interested in knowing how these strikes were distributed, between 1961 and 1966. I have the doubtful satisfaction of saying that my province suffered the greatest man-day losses during this period, although this is not where the greatest number of strikes occurred. My mistake, Mr. Speaker, I am not referring to the whole period, this only covers the month of July, 1966. So that the facts may be better understood and in order to present a clearer case, I will only quote figures for the month of July 1966.

In July 1966, there were 27 strikes or lockouts in the province of Quebec, causing a loss of 445,263 man-days, whereas the 46 strikes in Ontario were responsible for 312,150 man-days lost. The other strikes were as follows: 12 in British Columbia, 3 in Newfoundland, one in Prince Edward Island, 2 in Manitoba, and 4 both in Nova Scotia and New Brunswick. Mr. Speaker, all this confirms what I said earlier, that the situation has become critical and must absolutely be remedied.

At this stage, I should like to quote part of an editorial published in the Montreal newspaper *La Presse* and written by Roger Champoux who concluded his comments on the strikes in the province of Quebec as follows:

> Baffled politicians, idle civil servants, teachers flourishing signs, interns and residents in study sessions, a hundred suggestions and few solutions, 18,559 strikers in all... the sight is ridiculous. And this is only the first act.

As I said, this is only the first act of the play, because there is talk of an imminent strike in the province of Quebec.

Mr. Speaker, it might be timely to question ourselves about the cause of this proliferation of strikes in our country. There are many causes, of course, and to make a cursory analysis, there is, for instance, the rising cost of living, which increased from 129.2, in 1961, to 144.2, in 1966, and which is still rising; this affects the budget of individuals who want many of the good things of life. On the other hand, workers cannot be blamed, because they need and are entitled to a minimum standard of living. According to St. Thomas Aquinas, this is an essential condition for salvation, even if it may surprise some people.

Automation, of course, is another cause, because it creates problems and causes great concern among workers. From one month to the next, some of them may be laid off and may, after many years with a firm, have to readjust to new conditions, new trades, or go back to school and sometimes leave the place where they have enjoyed their family life for many years.

• (4:00 p.m.)

Another cause might also be this sort of quest for emancipation which is going on in the world and which is not found only in Canada, but in all parts of the world. Everybody seeks freedom and wants to get rid of all restrictions, all constraints. Now, the labour movement, like all the others, has been bitten by the bug and wants to look tough to employers, and most of the time they have reasons to. This emancipation crisis has created problems, even among labour leaders who—a phenomenon more and more apparent than heretofore—can hardly control their members any more and who are often led into courses which they were reluctant to follow originally. Such a state of affairs has created some disagreements among unions, disagreements which, in my opinion, are too much in the public eye and which are not at all favourable to the progress of labour movements in our country.

Moreover, there is perhaps the obsolescence of our negotiating machinery which was suited to other times but is no longer adequate in this atomic age of ours. It must be reviewed. Our governments, it would seem, hesitate to do so because the situation grows more complex every day, the demands are piling up from day to day; the labour climate

has grown fluid and lacks the reasonable stability it had a few years ago.

Perhaps there is also the other phenomenon that is due to the restrictions imposed to control the economy and especially credit. Faced with the competition which is growing ferocious in domestic, local and world markets, some employers harden their attitude, sometimes unreasonably, which provokes the worker indirectly and leads him to resort to that extreme measure which is called a strike.

We always thought that it should only be used to deal with extreme situations. However, we wonder now if extreme situations have not become commonplace, and those who watch our economic situation, especially those who assume responsibilities, namely the members of the government, are concerned. The members of this parliament, who must co-operate with the government to ensure a sound economy, examine the results of those strikes, which are more and more numerous and find that they create problems for our foreign trade, for the delivery of goods we have sold as a result of agreements or contracts, also problems of competition on international markets. Those numerous strikes mean, in many instances, complete disaster for some sectors of our whole economy; they certainly cause a great deal of apprehension to some investors who might have been able to put back on their feet some of our wealth producing businesses.

They certainly ruin the economy of those individuals who are affected by those strikes. In fact, during weeks and months, they see their debts piling up at the grocer's and other stores because they are not getting any pay. And what about all the family problems this implies. Those strikes constitute, in many cases, especially when they are related to public services, a sort of penalty on the public in general, which is to the prejudice of the common good and in many cases, involves extremely serious consequencies that I cannot discuss at length right now for lack of time but that might perhaps be usefully analysed most carefully one of these days.

And all those numerous strikes contribute in the end to the worsening of this climate of emancipation I was referring to a while ago, this climate of revolt, to use a word that might be more accurate and will express more exactly the situation, this climate of revolt that is certainly unhealthy, that often finds expression in open and organized rebellion, in fields where, up to now, everyone admitedly respected what was called authority, which should still be termed thus and without which we will drift into anarchy before long, confusion before long, and the first to be affected will be precisely those workers we are attempting to protect.

[Mr. Mongrain.]

Mr. Speaker, after analysing all these things, it might be advisable to set forth some principles. We might ask ourselves what our objectives should be before considering remedies to rectify this alarming situation; what should be the principles motivating the labour leaders, the government, the members of parliament and all those who seek remedies to these problems?

There is one principle mentioned here, in the C.L.C. report which was published yesterday following an interview with the government. It mentions the measures to be taken to settle the labour situation:

> It should be something allowing the settlement of disputes in fairness and objectivity.

Fairness and objectivity, it will be understood, obviously require that we consider everybody's welfare, first, that of the workers concerned, who are entitled, like everybody else, to a reasonable share of worldly goods, but also, let us not forget it, the general welfare which we are agreed to call the common good.

Mr. Speaker, I have found elsewhere a description of what should be the main objective of those who are concerned with finding solutions to the numerous labour disputes. This is an article which was written by Mr. A. H. Raskin, assistant editor of the editorial page of the New York *Times*. This article was published in June 1966, in the magazine *Atlantic Monthly*, and was reprinted in the November issue of the *Labour Gazette*—and I shall open a parenthesis here to point out to the Minister of Labour (Mr. Nicholson)—

[*English*]

So that he will be aware of the situation, I point out to the minister that the French edition of the *Labour Gazette* which has just been issued is the edition for the month of November. It is at least two months late.

Therefore, as Mr. Raskin was saying:

[*Translation*]

> For the community, the most important question is whether collective bargaining can be used to protect the interests of the general public, and not only those of the unions or the management—

That, again, was Mr. Raskin, and the quotation is taken from an article of his published in the *Atlantic Monthly*. He asks the question and, a little further on, suggests several solutions himself, to which I shall come back later. Meanwhile, I should also like to mention something which the labour congress said yesterday should be the aim of all those concerned with the settlement of these disputes, and I quote from an article published in *La Presse* yesterday:

• (4:10 p.m.)

The C.L.C. recognizes that the government is responsible for protecting public interest, sustaining the economy and fulfilling Canadian commitments abroad.

Now, that is just fine; it is comforting to know that labour itself understands these major objectives. Naturally, it raises certain objections further on; for instance, and I quote:

We are absolutely convinced that the government will not solve labour problems by limiting or refusing workers the right to withdraw their services, by forcing them to return to work against their will.

Here we must ask ourselves: do workers seek the right to strike for the fun of going on strike, or are they seeking it to solve their problems? To my mind, the answer is obvious: workers do not want the right to strike for the fun of going on strike: they want to solve their problems.

Therefore, if we could find another formula, if a more modern technique could be found to settle labour disputes, I am convinced that the workers themselves would be the first to applaud and rejoice, since they would no longer have to suffer the hardships of strikes.

The C.L.C. report adds:

This is usual practice among dictatorial governments throughout the world, but it surely could not be applied here.

That would be dramatizing the situation a little; it would be true if we were really trying to abolish strikes, without any substitute acceptable to all parties concerned.

Our main objective therefore, Mr. Speaker, must be the common good. That makes it simple and clear-cut. What then, would the remedies be?

I do not want to be so presumptuous as to try and invent them all by myself, Mr. Speaker; for that matter, I readily admit that my ability in this field is quite limited. However, the Economic Council of Canada recently made public certain suggestions which were discussed in an article published in the January 31, 1967 issue of *Le Devoir*. Among others, there was the following statement:

The measures suggested by the council in order to ensure adjustment of manpower to technological changes deal with giving notice of changes to workers, natural cut-down in personnel, elaboration of transfer programs, transferable pension privileges, and the creation of labour-management committees in every factory governed by a collective agreement.

This is an important suggestion: "the creation of labour-management committees in every factory governed by a collective agreement".

Labour-management committees would function the year round with the help of neutral advisers from outside the factory.

This last comment is my own. Now, to continue:

The document published by the Economic Council also suggests three financial measures which collective agreements should also take into account; these would become applicable when recourse to other means would not compensate for all losses of employment due to technological changes.

These are: a generous lay-off allowance, supplementary unemployment benefits provided by a fund to which employers would contribute, and mobility allowances.

Naturally, the economic council refers here to workers affected by automation or by drastic technological progress. But there are surely other reasons for strikes, other problems must and could be settled as one—I will come back to these later—by implementing in a general formula the creation of labour-management committees operating all the year round, with the help of expert and impartial advisers.

Besides, Mr. Speaker, I am not the only one to think that the time has come to do something. I said so in this house a few weeks ago.

Mr. Walter Reuther, a respected leader of an American union said, following the New York transportation strike, which took place I believe in January 1966, and I quote from memory: It is time for the governments to devise some machinery which would prevent the workers, when they belong to a labour union and when they have a problem to settle, a problem affecting utilities, from always having recourse to costly strikes. It is time to find up to date machinery. That was Mr. Reuther's testimony and I think that I am very objective. Earlier I quoted the evidence given by the C.L.C. and we could discuss it much more fully, but I would not

want to labour the point. I see for instance that the C.L.C. suggested as a remedy:

> Among those measures, the C.L.C. advocates a critical appraisal of the level of government expenditures in the field of construction, the abolition of the existing sales tax of 11 per cent on building materials, the need to extend immediately welfare programs and the need to ease our tight money policy.

And this is the objective:

> The purpose of those policies should be to promote good and steady development of our economy.

I take this excerpt again from a summary of the C.L.C. brief published yesterday in *La Presse*. But it seems to me, after reading the brief presented by the C.L.C., that it suggests negative rather than constructive formulas and that it settles some aspects of the problem but not the overall problem.

I think that the most efficient remedies—and here again we could quote another excerpt where remedies are suggested—might be centred around some headings.

For instance, the federal government must undoubtedly continue and increase its control of the Canadian economy to prevent it from going suddenly through a period of recession when the worker has to tighten his belt to the point that eventually he becomes impatient to have recourse to claims which are not always objective.

Then, the federal government must try and control the economy in order to guarantee, inasmuch as is reasonably possible, to all the sons of the nation, that minimum standard of living to which he is entitled. That is beyond argument and in this connection I think it must be said that the government has already done something. On the other hand, perhaps it should still accentuate its policy and direct it mainly towards the protection of the small defenceless people, of the workers, rather than toward the protection of certain financial powers which can take care of themselves.

I was impressed, for instance, when I heard the hon. member for York South (Mr. Lewis), during the debate on the National Transportation Act, say that this bill is greatly concerned with the protection of financial interests of the railways but very little with the protection of the financial interests of workers.

I think that the hon. member for York South hit the mark there. But the government should also be urged to modernize considerably its labour legislation in view of the new problems facing the labour movement.

Once again, time will not allow me to give all the details. I am sure that the minister himself receives lots of briefs and that his own experience suggests to him many measures which could be included in an up to date labour code. In my opinion, it is urgent to go ahead with it.

I will now deal, Mr. Speaker, with what is probably the most important of my suggestions—which I mentioned earlier—namely that we should find a way to generalize here, in this country, those permanent bargaining bodies made up of representatives from labour and management which would include experts, economists, neutral people who are not on the payroll of employees or employers and who will take part in the discussions to express their views. I would not even be against government negotiators who could, if need be, point out the principles which determine the common good.

Such bodies should operate all year round—not only after the conflict had been going on for months and months—to try to prevent labour conflicts as much as possible.

It might be advisable for the federal Minister of Labour, of course, to hold regular meetings with the provincial departments of labour to synchronize the efforts of all the provinces and the federal government. But this is something which the minister is well aware of, I am sure.

I further suggest, Mr. Speaker, that provision should be made for the creation of labour courts as soon as possible. We should not have to look around for special negotiators, special mediators, and other interminable investigations every time disputes arise.

• (4:20 p.m.)

I believe we should have permanent labour courts in Canada. I know that workers will fear that the members of these courts would simply favour the employer; I also am aware of the fact that employers will fear that these same people might favour the employees, but I submit that mediators must be chosen in our midst or else we will get nowhere. When a dispute arises, we refer the whole matter to ordinary courts of law; but if labour courts were established, presided by the most competent personalities, people who are cognizant of all aspects of the labour problem, there would be no need for strikes, in most cases, because the parties involved would accept the verdict handed down by these labour courts.

Mr. Speaker, I see that the time allotted to me has expired, and I do not wish to overtax the patience of the house. I merely wish to summarize my comments by saying this—

The Acting Speaker (Mr. Rinfret): Order. I understand that the hon. member would like to continue his comments. Is the house ready to allow the hon. member to continue his speech?

Some hon. Members: Agreed.

Mr. Mongrain: I have only a sentence to say and I will not abuse this privilege, Mr. Speaker. I thank the house for its kindness and I will merely summarize my remarks. According to Canadian public opinion, the proliferation of strikes has reached an alarming degree and I think that all governments concerned, whether federal or provincial, must give urgent consideration as a priority to introducing and enforcing, without delay, after consultation with the parties concerned, the legislation suitable to the needs of 1967.

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, let me first congratulate the hon. member for Trois-Rivières (Mr. Mongrain) on the excellent, dispassionate, clear-headed and objective speech he has just made. He has touched a raw nerve in our body politic and he has done it, I think, in a most objective way. There is no doubt that last year demonstrated a wastage of millions of man-hours and effort at a time when this world can ill afford it. I think it is tragic, when society is now reaching with the calm assurance of success to probe into outer space and the planets which we once thought were forever beyond our reach, that we should still be struggling with an archaic and obsolete system of dealing with our major problems. I suggest that the genius of mankind which has brought the world to where it is today, if one defines genius as being a capacity to take infinite pains, should surely bring us to a position where we cannot afford to allow this situation to continue. I hope the government will examine and heed the words which the hon. member uttered.

At this stage in the discussion of a budget it is sometimes difficult for an opposition member to say something new, particularly with regard to this budget. Hon. members who were overseas during the last war will recall posters hanging in the railway stations and bus depots in the United Kingdom with a giant finger pointing to the passengers and bearing the caption, "Is this journey really necessary?" I would think this is the sort of poster which the Minister of Finance (Mr. Sharp) should have had in front of him but with the word "journey" blotted out and "budget" put in its place, because it takes a certain amount of shrewd ingenuity to discover why this budget was necessary.

My colleagues in this party and other opposition members have demolished with such clarity the features of the budget that there is not too much to say about it. I think one could call it the Muhammad Ali budget. Like the unfortunate victim of the so-called sporting event the other night, the budget has been knocked down so often that it is now wilting and drooping and does not present much of a target to anyone else who wants to take a poke at it. I think it will probably sink into the oblivion of parliamentary history as the budget which was unwept, unhonoured and unsung. In fact, it never should have emerged from oblivion. However, it does give us the opportunity, as an opposition party, to cast before the members of the government those pearls of wisdom which the opposition is presenting with increasing efficiency and effectiveness, but unfortunately with no tangible results indicating that the government is taking heed of them to any extent.

I should like to deal with two matters which I hope are of interest to the house and possibly to some limited extent to the country. I want to comment first on what I consider to be the failure of the government to follow through with the program of northern development which the previous government undertook with such a marked degree of success and such a measure of accomplishment. The minister who is responsible for this department has made some gestures in this respect. I am afraid, however, that he seems to lack the full support of his colleague in this very essential part of the development of our country at the present time.

I have made one or two suggestions in the past with respect to this question. On one occasion I dealt with what I thought was the necessity of a greater degree of international co-operation in scientific improvement and techniques with regard to northern development. I was very interested, when looking through an editorial in the *Christian Science Monitor* of yesterday, to see that my views as to this objective are shared by this independent newspaper. I will not quote the editorial in full but it points out that Scandinavia, Canada, the United States through the state

of Alaska, and the U.S.S.R. have complete control of all areas of the north and of the Arctic. The editorial suggested some steps which might be taken because of this particular fact. It suggested that great advantages could be reaped from the nations concurrently seeking to develop these lands. It was suggested that this could perhaps be done through a Northern Area Institute in which geologists, physicists, meteorologists, agriculturists, and many other natural scientists from America, Canada, Russia and the Scandinavian countries could pool their discoveries and help correct each other's mistakes.

It seems to me that relations between the east and the west are not fraught with such serious difficulties as they were. There is not the same measure of hostility now, and I can think of nothing more useful at this stage in the development of our resources, bearing in mind the necessity of providing for a vastly increasing world population, than making arrangements for the proper settlement of the north. I do not mean the kind of settlement we have now wherein all too often people and corporations go into the north with one idea, to explore, exploit, lay waste and retire. We want people to settle, live, and make their homes in the north. It seems to me that the research which might be pursued independently to a limited extent by the scientific apparatus and people of these nations might, if pooled, bring about a greater degree of improvement, a greater realization of our joint hopes to settle, live in and harvest the rich resources of northern Canada and the northern parts of these other nations.

• (4:30 p.m.)

There is another matter about which I wish to speak. The time has now come when we should have some clarification of the very confused situation and the doubt and uncertainty which prevail in regard to confederation, our constitution and what is to be done, what changes are needed and how we will obtain them. I was not in the house yesterday but I read the dialogue between the Minister of Energy, Mines and Resources (Mr. Pepin) and the hon. member for Brome-Missisquoi (Mr. Grafftey). Unfortunately, the minister did not intervene actively in the debate but acted more as an irritant at the time. Mind you this is a very essential part of our parliamentary system. We might have an opportunity to hear from the minister later on this very serious and developing situation. The matter has come more to the fore recently because of the exchange of correspondence between the Prime Minister (Mr. Pearson) and the premier of Ontario following the announcement in the speech from the throne at the recent opening of the Ontario legislature in connection with the holding of a constitutional conference. I have the correspondence here. I think it would be interesting to read into the record parts of what was said by the premier of Ontario and also the reply of the Prime Minister of Canada because I think that the correspondence, together with the answers of the Prime Minister given on orders of the day and at other times in the house, indicates the point of view and the attitude of this government. The last paragraph of the letter of the Prime Minister to Mr. Robarts is important and I believe should be considered by hon. members. After being somewhat critical, in the usual polite way in which these documents are formulated, of the fact that the government of Ontario was taking the initiative in this matter the Prime Minister went on to say:

> It seems to me that an alternative to the approach you have suggested could be developed that would be consistent with the practice hitherto. The initiative that the government of Ontario has taken in raising the subject could, if you so wished, be translated into action through having an item suggested for possible inclusion on the agenda of a federal-provincial conference that might be called in the normal way at some time in the coming months. While no conference is scheduled at present, there is no reason why we could not explore—

This is a word beloved by statesmen, who use it frequently in their correspondence.

> —with provincial governments the desirability of having a conference and determining when this would best suit the convenience of all concerned. Alternatively, you might, of course, think it best to use the vehicle of an interprovincial conference as a first step.

I would say that this was in effect a complete brush-off of the proposal made by Mr. Robarts.

Mr. Robarts replied in a letter dated February 1, 1967, which contains some views of which this house should take heed. He said in part:

> Then there was need for unity. Today there is a swelling chorus of millions of voices expressing a similar need. Perhaps once again, in some measure at least, by appropriate discussion in a conference, unfettered by the techniques and procedures in effect at the various types of conference held over the past several years, achievements might result from representatives of the governments of Canada sitting down together: to examine confederation and to take stock of the state of affairs after one hundred years of partnership together; to take the time to discuss and review, in an atmosphere

free from rancour, areas of agreement and disagreement; and to explore through our ingenuity and kinship what can be done to ensure a strong and united Canada.

Surely no harm can result from conducting an inventory of the happenings and events of our century of progressive history since 1867. Out of it, in my opinion, can come suggestions for plans to chart our future and to shape the second century of our nation based upon a sure and firm foundation.

The penultimate paragraph reads as follows:

The one objective I have in mind for this conference is that it will serve the interests of the Canadian people and their nation which the provinces created and in whose continued existence, unity and strength, the provinces are vitally concerned.

I say amen, as should all other members, to this very statesmanlike and sensible suggestion.

Following the announcement by the government of Ontario in its speech from the throne some questions were asked in this house. For example, I observe that on February 1 the hon. member for Sherbrooke (Mr. Allard) asked the Prime Minister whether in view of the statement made by the premier of Ontario the premier of Quebec would also be interested in taking part this year in a conference on the constitution. The question was as follows:

Would the Prime Minister agree to change his attitude and take right now the initiative in calling such a national conference?

The Prime Minister answered:

Mr. Speaker, I think I should wait for the prime minister of Ontario to reply to my communication before making further statements on this.

Some questions were asked by the hon. member for Kamloops (Mr. Fulton) and the answers which were received indicated quite plainly that the Prime Minister did not think very highly of the suggestion eminating from the province of Ontario and did not intend to do anything about it.

I think this is the only impression that can be obtained by anyone making a fair, objective and rational examination of the documents and of *Hansard*. The impression I get is that the Canadian government is not really interested in this subject at this time, does not want to think about it, does not want to talk about it, and does not want to give any information, mainly because it does not have too much to give, but also does not want anybody else to do or say anything about it. Surely the reason for this is not that the matter has not been brought to the attention of this or previous governments or to the attention of provincial governments, and surely it must be acknowledged that there is a very urgent need at this time for a review of the situation and an attempt to make the rules conform in a better way to the present requirements.

In 1964 I placed a resolution on the order paper in which I suggested the following:

That, in the opinion of this house, the government should forthwith consult with the provinces for the purpose of establishing a centennial constitutional conference to consist of a given number of Senators and members of parliament and an equal number of members of all of the provincial legislatures; which conference should meet in Ottawa and in all of the provinces to consider amending the British North America Act in accordance with the experiences of the past, the exigencies of the present and the needs of the future—

However, the fortunes of the draw were not with me and I never had the chance to have the resolution debated. Other hon. members have brought up this question from time to time, and so have members of the provincial legislatures, learned professors and people interested in and concerned about the needs of Canada. They have said: we cannot ignore any longer the necessity of examining the present-day situation, the status of the constitution and the relations between the federal and provincial governments, and so we must see what if anything can and should be done about it.

It seems to me that what in effect the Prime Minister is saying is: "Do not worry about it. We are going to look at it. We have some experts and we have my parliamentary secretary who is advising these experts. Some day this body will labour and produce something to show for its discussions." The impression I get from listening to what the Prime Minister and other ministers have stated both in and out of the house is that the whole subject is something so rare, so precious and so exclusively in the domain of experts that ordinary common mortals must not be allowed to give their opinions or help in any way to mould and shape the form which our constitution must take during the course of the next 100 years.

I think that perhaps the Prime Minister visualizes a scene some day in the future when like Moses he will ascend the mountain and some time later will come down, clutching to his bosom stone tablets on which will be engraved new changes to the constitution. He will then say in a tone of wonderment and joy: "Look what my experts have hatched up. This is not to be questioned. The experts have produced it." At that point all that the people

will be able to do will be to fall down, worship and say: "Hosanna, wonderful, great, we will accept it."

Mr. Pepin: Is that not what you would expect the conference to do?

Mr. Baldwin: By no means, Mr. Speaker. I would like to see a conference held in every province in this country. Such a conference should have been started several years ago. I do not expect it to come up with changes in a final, finished and polished form, but surely the people who are the beneficiaries and who will be affected by the changes made to the constitution should have some say before and not after the event. The minister knows—I think he is a practical man—what happens. When the experts are finished with the matter it will come before a parliamentary committee, though not with any intention of changing it. It will then be presented to the nation as a fait accompli.

• (4:40 p.m.)

I should like to see a number of these conferences held at which people will have an opportunity to express their views and opinions. There should be a great national debate carried on in all parts of the country. Perhaps the debate is one which will never really be concluded, but when we can say at a point in time that we have reached a certain stage, certainly the matter can then be handed back to the experts to polish, finish, and put the proposals into practical legislative terms.

Mr. Pepin: Would the hon. member permit a question? Is this not the equivalent of what is taking place in Quebec now with les Etats généraux, the general kind of debate where all of the intermediary and pressure groups will be represented to give their opinions? Or would it not be what I have been told it would be, a meeting of premiers, leaders of oppositions, heads of national institutions, etc?

Mr. Baldwin: I would hesitate to suggest to any province the form which its own inquiry should take. I think that is a matter for each province to determine, having in mind what changes are to be made. It should also be borne in mind that the people of Quebec, the people of Alberta, the people of British Columbia, the people of all the provinces, are also Canadians and must be affected deeply and fundamentally by the problems now confronting us, such as the fact that there is not a clear and decisive line of demarcation in certain areas as to problems which various governments must solve. I think that each province should establish its own forum of inquiry. I will not suggest what is desirable for the province of Quebec, but my view is that it is essential at this time that this step be taken so that before the experts are finished the voice of the people will have been heard and felt.

Mr. Pepin: But is there not such a debate going on in Canada at this time? How many conferences, seminars, lectures, panels, has the hon. member been invited to in the last two or three years? How many conferences and royal commissions have we had on the future of confederation, on this and on that aspect of our constitution? I would simply suggest that the debate is going on now. If the kind of conference the hon. member has in mind is one only to examine and analyse what is taking place and to suggest answers, then I dare say we have already had it.

Mr. Baldwin: What we have had is a series of hole-in-the-corner discussions. There have been a very few open and legitimate discussions but not of the type that I envisage at which each provincial government must take the responsibility for canvassing, in the way it thinks best, and securing a body of opinion from its citizens or its citizens' representatives. In recent months we have seen examples of the problems posed because of the present obscurity of certain constitutional lines of authority, problems involving manpower, education, security, pension plans, medicare and transportation, and so on. All of these problems intimately affect and concern the lives, fortunes and futures of the people of Canada.

All I want to achieve is some means by which these people can indicate whether they want their provincial government or their federal government to deal with questions of medical health, certain questions of transportation, certain questions of pensions and pension rights. During the course of such discussion debate of a far more tangible and meaningful form will take place. When this debate has concluded and the matter crystallizes—this operation should have been commenced years ago and been in the process of conclusion today—then the experts will put into final form the proposals which will be made.

Let us remember once and for all, Mr. Speaker, that all too often this business resolves itself into a matter of two dogs quarrelling over a bone: the civil service and

establishment in the provinces struggling with the civil service and establishment of the federal government, each one anxious and desirous to retain the spheres of authority they now have and to enlarge them. I do not say that this is done deliberately, intending to do harm, but that is the nature of an establishment of this kind; it is reluctant to give up any form of authority.

In my opinion, Mr. Speaker, governments and legislatures as well as parliament have failed in their attempt to solve the problem. What I am suggesting is that in his own way the prime minister of Ontario has indicated that he feels some attention should be paid to providing a means of securing an indication of the views of the people of his own province. I suggest this proposal should be adopted by all provinces.

Mr. Pepin: Would the hon. gentleman permit another question? Would the premier of Ontario need federal authorization to set up such a seminar or conference within the borders of Ontario?

Mr. Baldwin: Did the minister ask whether he has the right to do this?

Mr. Pepin: Yes.

Mr. Baldwin: I can see no constitutional, legal or practical impediment. I suggest that he not only has the right to do it but has a duty to do it at this time. I would say that every premier has a duty to undertake a responsibility of this kind. In fact, they are two or three years too late. The initiative should have been taken by the federal government. Ottawa, Mr. Speaker, is very remote from Peace River and from other parts of this country. What happens here sometimes reaches us in a very diluted form. For the people of this country to be seized of knowledge of this problem, steps must be initiated to bring it home to them through a debate of the kind I have mentioned.

As I have pointed out, there are a great many fields of jurisdiction where there is room for doubt. I can think of some examples where the best interests of the people of Canada would be served by deciding to give to the provinces certain jurisdictions which they do not now possess. Equally, I can think of a number of areas where the best interests of the people of Canada would be served by investing in the federal government certain rights which it has exercised but not always legally. There are some rights that I submit we should make certain are legally exercised by the federal government.

There was some mention of federal-provincial conferences. They have a useful purpose but I think this purpose has been exaggerated. These are conferences where the experts burrow into the darkest corners and holes of secrecy and privacy. Sometimes this is essential, but the difficulty is that I am afraid this sort of thing is emerging in the form of a third form of government, a type of government where there is not the same degree of publicity or the same measure of criticism, argument and examination. True enough, Mr. Speaker, it may be said that all of the proposals which are discussed and canvassed and which ultimately emerge in the form of legislation are brought back to the respective legislatures and to parliament. But once they have become crystallized in a certain form and are brought forward as legislation, governments being what they are there is very rarely any hope of changing them. While they have a function to serve I caution the government to be most careful about trying to build federal-provincial conferences into an ad hoc third form of government which the people of this country have never given authority to the provinces or federal government to exercise. It may be nice and tidy and easy for the governments to do this but it is not, I repeat, in the best interests of the Canadian people.

• (4:50 p.m.)

I believe that premier of Ontario has served a useful purpose with his proposal. I hope it will be copied in various forms in other parts of Canada. Before the debate is through I hope that the minister, who has been most helpful, may see fit to present the government's views on this issue.

[*Translation*]

Mr. Yves Forest (Stanstead): Mr. Speaker, the supplementary estimates tabled last December by the Minister of Finance (Mr. Sharp) have been well received, generally speaking, in spite of the limited increase in personal income tax and the increase in the sales tax levied against manufacturers to finance the pension supplement granted to our senior citizens; it might not have been as well received by those who think that social measures are thus becoming less popular because they have to be paid for immediately through new taxes.

The Minister of Finance proved to be a practical man when he made it clear to the people that the government could not increase

social benefits without getting the money somewhere.

If all social benefit increases were introduced in this way, that is by offering a gift with the right hand and presenting the bill with the left, everybody would then be in a position to determine whether, at a given time, any additional levy imposed on the taxpayers and on the country's economy would constitute an excessive burden.

During the last few years, government expenditures in Canada, at all levels, have increased considerably and if we do not curb or stop them, they might bring about a reduction of investments in Canada and make our competitive position more difficult on the international market.

It is a fact that more than 30 per cent of our gross national product in Canada is absorbed by taxation and such a situation is not only frightening but unfavourable to our country, because it brings not only our economic development to a standstill but it lessens initiative, dampens any liking for risk and prevents the achievement of many plans.

Government expenditures in Canada increased from $12,098 million in 1961 to $16,127 million in 1965, that is an increase of 30 per cent in five years, while in the United States, during the same period, they increased by 25 per cent only, in spite of larger expenditures due to the war in southeast Asia.

If we figure the percentage on the basis of population, per capita, and if we consider that the population in Canada has increased much more than in the United States, our increase then is 24 per cent and that of the United States only 18 per cent. The Canadian people must be concerned, and rightly so, about that serious situation which could be detrimental to our economy and our standard of living.

One way to reduce taxation is to increase productivity and the labour output. The federal government has given these goals priority, in an attempt to improve present possibilities, and to give everyone the education and training which are indispensable in this day and age.

We will improve our competitive power by developing more highly qualified professional management and skilled labour.

The state of our economy and its future must become a growing concern because, compared with it, all other matters lose importance. Our people would not accept a lower standard of living without creating upheavals.

[Mr. Forest.]

Our economic experts have warned us that 750,000 new jobs must be created by 1970, and this need must induce us to modify certain obsolete economic concepts, to consider new methods.

The normal growth of our population will require industrial expansion, but automation and improved production methods will reduce the number of new jobs thus created. New needs will have to be created; we will also have to encourage industrial research in order to discover new products, different materials or improved finished products, so as to get the markets and open up new avenues.

The greatest discovery of the nineteenth century is said to have been that of the creative approach. More and more, creativity is the prerogative of organized research, particularly in the manufacturing industry. Technical progress depends more and more on organized research for innovation and improvement.

Economists generally agree today that investing in education and research is just as important as capital expenditure. Progress is not so much a function of the amount of money invested in machinery and factories as of technical improvement which can be expected from a given investment.

The supremacy of the United States on world markets is mostly due to innovations, new ideas in industry and ability to invent a great many new products; all this in turn depends on performance in research development.

Industrial development requires an extensive activity promoted by governments in industrial research.

The announcement made in the past few days by the Quebec government concerning the establishment of an important international research centre in electric energy should therefore be particularly welcomed.

Mr. Speaker, we should become less dependent on the United States for capital and new industries by urging our fellow-citizens in various ways to invest their money, their savings, in our Canadian corporations, especially those which develop our natural resources. We should put our own means to a more efficient and a more productive use.

We must consider what we could do in order to strengthen our position without unfairly penalizing foreigners who have invested here

their money and their competence for their own benefit, of course, but also for ours.

We must take positive action in order to secure a more efficient control over our economy and to reduce our trade balance deficit.

Several methods have been suggested to make our economy sounder, better adjusted to our needs, to our aspirations and among those, the establishment of the Canadian Development Board can, under certain conditions, make it possible to channel the savings of Canadians toward the promotion and the development of our industries and resources.

However, it would not be an adequate replacement to an effective policy designed to promote private investments to merely provide enough protection and some relief in taxation.

An improved legislation designed to protect investments and the purchase of bonds and shares of our corporations is essential, especially in the light of some recent events.

Canadian and foreign companies should also be required to supply complete and more detailed information on their financial structure. Succession duties should be abolished or substantially altered. Some provinces have already indicated their intention to alter them. In my view, in an area where both the federal and provincial governments collect taxes, there should be agreement reached on that score.

These succession duties produce very little, slightly more than 1 per cent of the federal government revenue, but on the other hand, they are a major drain on capital available for investment.

We all know that some families had to sell their business or their private industry to strangers in order to avoid this tax or else they have taken up residence elsewhere to avoid these high duties. There is also the fact that several families, several people from Europe or elsewhere, might be interested in investing their capital in Canada if such duties were abolished. We are faced with the progressive disappearance of capital built up in this country and which should serve the economic progress of the country.

The Carter commission, which was established in 1962, is scheduled to present an early report. It will doubtless suggest a thorough shake-up of the entire tax structure and a more sensible distribution of the taxation fields.

In the meantime, the government must maintain its policy of promoting production, exports, a more advanced technology and investment of our own resources in our economy.

Canada will not succeed overnight in financing its own development and in eliminating its present trade deficit with other countries, but it should right now continue to revise its economic policy to achieve long-range objectives, which are possible if the effort is made.

• (5:00 p.m.)

[*English*]

Mr. Lloyd R. Crouse (Queens-Lunenberg): Mr. Speaker, I welcome this opportunity to speak on the mini-budget introduced by the Minister of Finance (Mr. Sharp) on December 19. Speaking as a Conservative I commend the minister for his frank review of our economic situation. His statement was a strong reminder to all Canadians that additional welfare measures must be paid for out of their own pockets.

However, in view of the size of the surplus in the old age security fund, a surplus in excess of $350 million at the end of last October, I think the minister placed undue emphasis on this aspect of expenditure. In fact, the hon. gentleman when introducing his budget seemed to be looking for a scapegoat on which to lay the blame for his government's deficit. He pointed his finger directly at the senior citizens of this country and blamed them entirely for the tax increases which seemed to be necessary. However, his statement served only to emphasize the smallness of the pittance we are giving to our senior citizens even when there is a means test attached to it, a test which would have to be taken every year in which a supplement was paid. We in the Conservative party believe that our senior citizens should have been given this increase as a matter of right without the necessity for a means test. We do not think an attempt should be made to lay the blame for the government's deficit on senior citizens who through no fault of their own need a little assistance in their old age.

What did the Minister of Finance do? In the present government the right hand does not seem to know what the left hand is doing. The minister tells the economy to go forward and backward at the same time. He raises the general sales tax, making it 12 per cent instead of 11 per cent, a move which will bring about an increase of approximately 2 per cent in prices at the retail level. What effect does this have upon Canadians?

A large contractor in the plumbing and heating business in my constituency has written to me bringing two points most specifically to my attention. He states:

1. To date there is no way to escape paying the increase on materials, ordered, but not delivered, before December 31, 1966. This also applies to contracts entered into months ago. In our business this is going to amount to a sizeable amount of money. The suppliers will not absorb the increase nor is there any provision in our contracts under which we could collect it from the owner. So, unless a change is made, we are stuck with it.

2. Of course insult was added to injury by exempting certain materials. We inquired about a list of exemptions and we were told that those materials exempt before June 14, 1963, will remain subject to the 11 per cent tax rate—big deal. Naturally, there must be some reason for all this but I am sure that only the Liberals could dream it up.

This serves to increase the price of homes, for example. What is needed at the present time are measures which will increase the tempo of housing construction in Canada. The price of houses and factories should be reduced, not raised. The increase in the sales tax hits not only the millionaire but the average man with a family who is already finding it difficult to pay his bills in Canada's inflated economy, as well as the old age pensioners whom the budget was designed to help.

Some of our senior citizens are today subsidizing their basic old age pensions. I refer to the minister's action in declining to retire the bonds issued by the Liberal government in 1936. I raised this matter in the house on previous occasions when I deplored the action taken by the government in this connection. As a result of my concern over this question I have received a letter from a lady in Ontario. It reads as follows:

The bonds of any responsible government are not normally bought for speculation. Most purchasers regard them as a vehicle to earn a modest rate of interest in the meantime, and provide a retirement nest egg that can be liquidated as older age needs arise. Certainly we can recall the speculation in the bonds of some weak European governments following the first world war; but I can recall no case of British, Canadian or U.S. purchasers of their government's bonds over the last 50 years having received the lack of consideration or integrity given those citizens who entrusted their savings to the Canadian government in 1936 in exchange for perpetuals regarded as safe as the old time British Consuls.

As it has turned out, the "oldsters" who needed the money have been obliged to sell at losses of 20 per cent to 40 per cent or more to speculators, but to what extent who can say? But the fact that some have been sold reflects either dire need on the part of the owners, or complete loss of confidence in the integrity of your government.

[Mr. Crouse.]

No responsible company doing business in this country would permit their bonds to sink to such values, if only to protect their own good name and credit rating. Some companies even support their common stock by buying it in when the price falls excessively, assuming they have funds available.

Can it be that the Canadian government is on the verge of bankruptcy, and unable to refund a relatively modest issue? If so, God help your reputation both at home and abroad.

This is a copy of a letter which was sent to the Minister of Finance. It is indicative of the feeling of Canadians about the manner in which the government is dealing with the country's finances. With this type of thinking on the treasury benches, I can only describe the Minister of Finance as a wrong-way Robin Hood who robs from the poor in order to give to the poor while extracting for Mitch and his merry men a token to be paid the hunters whose job it is to make certain that the aged and needy have no other income.

The minister has stated that approximately $18 billion is required annually by all governments in Canada, and I deplore the shameful manner in which he has singled out our senior citizens as the target or the excuse for his recent tax raises while ignoring many other government expenditures which deserve to be questioned. There is no evidence that he and his colleagues plan to attack this problem at the core, namely, the waste and extravagance practised by the government which have brought about a sky-rocketing, inflationary spiral of prices in Canada.

Surely the taxpayers who are now required to surrender even more of their savings to provide for the cost of a guaranteed income plan for pensioners have a right to expect some evidence of increased efficiency in government and some restraint in government spending. But what are the facts? The record of the government's financial position, according to the minister, shows that this year's expenditures will reach a record high of $8,580 million, and since corporate profits are lower than the minister anticipated his revenues have dropped and Canadians are still not paying their way despite all the taxes which are being levied upon them.

• (5:10 p.m.)

I ask the minister what has happened to the theory of cyclical budgeting? In times of economic boom we were supposed to have a surplus budget so that in times of economic depression the government could prime the pump with deficit financing. What do we see today? We are told by the Minister of Finance that Canadians never had it so good,

that in fact the economy is so overheated the minister must apply the brakes. But if we are enjoying an economic boom, why are we having budget deficits? The minister cannot have it both ways.

The fact is that Canadians are dancing but they cannot pay the piper to the tune of approximately $340 million in this fiscal year. What does the minister promise us for next year? More of the same. Listen to his words as recorded at page 11331 of *Hansard* for December 19, 1966:

> It is already evident, however, that our expenditures will continue to rise next year quit apart from the guaranteed income supplement.

As a smokescreeen the minister then listed as his reasons the commitments in equalization payments to the provinces and substantially increased assistance for higher education. He knows that if we criticized these reasons it would be like criticizing motherhood. We are not going to fall into this kind of trap, but some of the government's policies and programs are open to criticism.

I say to the government and to the minister that if they believe they have the right to control the economy of Canada through the imposition of new taxes, which in effect limit the spending of Canadian citizens, then it is up to the government to examine its own position and set an example of good housekeeping. Any argument that this cannot be done, that savings cannot be made in administration, is indicative that the barnacles of indecision and the rust of indifference have settled deeper and thicker on the Liberal hull than has been realized by many Canadians.

There is a growing concern among many of our citizens that they are being swept up in a whirlpool of bureaucratic controls from which there is no escape. The list of payroll deductions grows longer and longer, and with prices inflated by excessive taxation the average Canadian the man earning $4,000, $5,000 or $6,000, is having extreme difficulty making ends meet. In my opinion the government must take action on this pressing problem. Failure to do so could have serious effects upon the Canadian economy within the next 18 months.

The minister may well ask, where do we begin? The Auditor General has stated that government overhead has increased by 20 per cent in the past three years, and a study of the report of the public accounts committee should give the minister some leads in the right direction. For example, they recommend an end to payment of C.B.C. production employees for work not performed. At present union agreements put employees on the job even when there is no work for them to do. By eliminating this wage bill when current union agreements come up for renewal the government owned corporation could save $450,000 annually.

In my opinion public funds should not be disbursed for work not performed, and the government should direct the C.B.C. management to halt this practice. Incidentally, when is the government going to appoint a president for this organization? Today the right hon. Leader of the Opposition (Mr. Diefenbaker) asked the Prime Minister (Mr. Pearson) that question, and I listened carefully for the answer. We were told that the C.B.C. has a president, but it is my understanding that the president, Mr. Alphonse Ouimet, has tendered his resignation. Whether or not this resignation has been accepted is open to question, but I believe that a crown corporation should be managed just as efficiently and as independently as one run for profit.

Nobody doubts that Gordon MacGregor runs Air Canada, but when I look at some of the C.B.C. programs I begin to suspect that the C.B.C. is somewhat like a rudderless ship operating without a captain. I cannot help but believe that this is exactly what is wanted by the so-called creative minds employed by the corporation. The idea is to keep things in an uproar. They believe in the freedom of the C.B.C., freedom being an all-embracing word which should cover their bad taste, sensationalism and irresponsible actions. In Nova Scotian language, this is nothing but bilgewater.

However, if this is the way these so-called artists want it and if there is no one in authority to direct them to do otherwise, then Canadians can call themselves lucky that the creative talents of the C.B.C. clique have not produced programs even lower in entertainment rating. Quite frankly, I believe in responsible freedom for the C.B.C. but not in the right of its hired staff to air anything they individually regard as reputation making or reputation breaking, without any interference. They may make great personal reputations by resorting to sensation-mongering, but this is not the purpose for which the C.B.C. was established.

The Canadian people are subsidizing the C.B.C. by more than $100 million a year. I say that in the public interest it is time for parliamentary intervention in the operations of

this sacred cow. The government has the responsibility to find a programming boss for this organization, and the sooner this is done the quicker the government will effect savings on C.B.C. operations which have gotten entirely out of hand.

Another field in which I believe the government could pare expenses is its foreign embassies and missions. I know these are necessary, but a periodic audit by our external affairs department would indicate to the people serving in our embassies throughout the world the truth of the finance minister's statement that neither the country nor the willingness of Canadians to pay higher taxes should be taken for granted.

Defence planning is very much in the news these days but the spotlight should not be thrown entirely on the problems of unification. More than a shudder went up and down the spines of many people when they heard the Auditor General report that more than $7 million went down the drain for bomb toss computers we did not plan to use, and that inadequate planning for low level radar installations led to extra costs of $3.5 million.

However, without question the most extravagant waste of taxpayers' money has been through the establishment by the Liberal government of the commission on bilingualism and biculturalism. In three and a half years the government has set up 15 commissions, but this has been the biggest and most bewildering of all commissions. To date it has splurged more than $7 million, with no visible, concrete results for anyone. Its purpose, as I understand it, is to alter the shape and style of our country. But in effect it has only served to rub salt in the wounds of division between our two founding races. In my opinion it has created greater disunity in Canada than any other act by a Canadian government since confederation.

A wound will never heal if it is ripped open every day, and I ask the government to terminate the hearings of the B. and B. commission and let it bring in a report. I ask this not only on behalf of the Canadian taxpayers but also in the best interests of Canada as a nation. It should now be evident that it is impossible to pass laws demanding that a man be bilingual or bicultural. This commission was set in 1963 and its members have been drawing salary and expense cheques of $120 every sitting day. Every Canadian is aware of the French and the English fact. I believe that if we could do away with hyphenated Canadianism we would build a better Canada.

[Mr. Crouse.]

These are some of the changes which could be made by the Minister of Finance if he really desired to bring expenses in line with government income. If the minister does not act to help bring this about, it is possible that Canada could face another exchange crisis in 1968. It is not inevitable, but all the elements of a crisis are now in existence. It originated with wage increases far in excess of productivity increases last summer and fall, and it is sustained by a continuing clamour for parity with wages in the United States. It is also strengthened by monetary and fiscal policies which will continue in the foreseeable future to inhibit the capital investment in productivity needed to overtake these wage increases. Quite frankly, in my opinion the Canadian economy is being priced out of competition.

If this process continues exports will fall, imports will increase and the deficit in current account will widen to the point where Canada can no longer pay its way in international transactions. In the meantime the awareness of these developments is a large factor in discouraging foreign investment in Canada, while encouraging Canadian investment abroad.

• (5:20 p.m.)

The government is obviously aware of this situation as indicated by the advertisements put out by the Department of Trade and Commerce which urge Canadian businessmen to export. This is supported also by the fact that the department has set up an export advisory council. Personally I hope these efforts are successful. I believe the minister is sincere in trying to do a good job. As I say, I hope these efforts are successful because among this country's principal needs are more investment funds and managerial talent. In some instances the one follows the other.

There is, however, a biblical quotation which states that one cannot serve two masters, and from experience we know that a house divided against itself cannot stand. The hon. member for Davenport (Mr. Gordon) cannot be given a voice in the government. This is a man who proposes further bureaucratic measures such as the Canada Development Corporation, a man whose budgets had to be completely withdrawn because they almost brought about the downfall of the Liberal government when he was finance

minister, a man who opposes foreign investment capital. You cannot give such a man a voice in the government and expect the investment community, both Canadian and foreign, to show confidence in this government and in this country.

Those who wish to lead must give some evidence of their ability along these lines. However, as long as maritime Gordon, as he is affectionately know in Nova Scotia because he wanted to give its people a one-way ticket to some other part of Canada, remains in the cabinet it will be difficult to establish confidence in the minds of Canadian and foreign investors that Canada offers better opportunities for their investment funds than other areas of the world. To clear the air with regard to these differences within the cabinet, the Prime Minister should make an early statement of policy on foreign investment in this country.

Having suggested to the minister a number of proposals which if implemented would effect some savings, I should like to turn to the Atlantic provinces, an area of Canada still haunted by excessive unemployment and one which could use some of the funds presently being wasted in the departments I have mentioned. My own province of Nova Scotia has gained recognition internationally for its stable institutions, its intelligent and adaptable labour force, and its strategic location in the trading world. However, though we can rightly feel encouraged by this progress we can hardly feel satisfied. We have not as yet narrowed the gap between average incomes in Nova Scotia and those in central and western Canada. The simple fact is that we are still too dependent upon forms of employment which do not offer good prospects for growth. We must continue to modernize our economy because despite the progress which has been made unemployment still is twice as high in the Atlantic provinces as it is in the rest of Canada.

To help narrow the gap I believe the government must put forward more programs which will help us progress at a faster rate. This is necessary because we are so far behind; we seem to have to run like the devil just to stand still. Our concern is also increased by the changes we see developing under this government which could be harmful to our Atlantic economy. For example, no longer do we have regional allocations for ship repair work. We are concerned about the effect any changes in our army, navy and air force bases will have on the Atlantic provinces. We are watching with interest as each year the government builds at tremendous cost larger icebreakers to keep the St. Lawrence river open for shipping, because this cannot but have a very adverse effect on the ports of Halifax and Saint John. Surely there must be some *quid pro quo* to offset the damage to our economy which these federal policies are bringing about.

There is much to be done. For example, there is the causeway to Prince Edward Island which must be finished. There is a corridor road to be built through Maine which would bring Montreal within a five-hour run of the maritime border. Such a road would literally bridge the gap separating the maritimes from the markets of central Canada. Then there is tidal power to be developed in Minas Basin. The last of these projects would provide the cheap electricity we need to entice secondary industry into Nova Scotia and the maritimes. Once it was established the sale of electrical energy would amortize its cost over the years.

The Minister of Finance should also take some steps to help our tourist industry. Last year, for example, the United States government brought forward the date for free entry of antiques into the United States from the year 1830 to 1860. The free entry date for antiques coming into Canada is 1847. The tourist industry is of great importance to our country, especially Nova Scotia. Under the existing laws controlling the entry of antiques, Canadian dealers cannot compete with United States dealers when buying abroad. Dealers in the United States can import duty free goods manufactured at a later date than the goods we are allowed to import. This increases our costs considerably. Many United States citizens come to Nova Scotia to buy antiques and this is a stimulant to the country's economy. Since we are celebrating our centennial in 1967 I suggest to the Minister of Finance that one of the steps he might take by way of celebration would be to permit free entry into Canada of antiques manufactured in 1867 or prior thereto.

One of the steps which the Minister of Finance could take immediately would be to declare the entire Atlantic provinces a designated area so that it would be eligible for benefits under that program. This would attract industry to the Atlantic provinces which is now forced to go to other areas of Canada. This is especially true if such industries are

thinking of locating in Saint John, Fredericton, Halifax or Darmouth where the incentives available under this program are denied. By exempting these areas from the incentive benefits the government has indicated to the people of the Atlantic provincs that it is not yet aware of their needs nor of the fact that special legislation is required to aid them. These are not my views alone. I am supported in this opinion by the Economic Council of Canada which stated in its third annual review, page 39:

> During an economic expansion, the typical pattern is for considerable inflationary pressure to develop in some regions or large parts of them (notably from Montreal westward) while elsewhere there is still substantial slack and unemployment. There are few countries where there is a greater need than in Canada for specific regional policies and for additional instruments which are capable of being applied on a differentiated basis from area to area.

In the next paragraph the report states:

> We have not ourselves any magic cure or simple formula to propose, but only a combination of tried and new approaches, shaped as far as possible to what seem to be the significant peculiarities of the Canadian economy. Followed with energy, reasonable foresight, and consistency, in a favourable climate of public understanding, these approaches should be capable of progressively diminishing the problem.

I commend these thoughts to the Minister of Finance and to the government. I hope they will follow the sage advice of the economic council so that the people of the Atlantic provinces and of Nova Scotia in particular will share equally with other Canadians in the economic benefits of a developing nation. For the reasons I have given in my speech I intend to support the amendment moved on December 19 by the hon. member for Perth (Mr. Monteith).

Mr. John Gilbert (Broadview): Mr. Speaker, in participating in the budget debate I should like to re-emphasize the position of the New Democratic Party that in our opinion the mini-budget was unwarranted and unnecessary. It was unwarranted and unnecessary because in the words of the Minister of Finance (Mr. Sharp) the undesirable acceleration of the demands of our economy had moderated and there was some economic readjustment taking place following the excessive rates of expansion which occurred earlier this year. This trend in the growth of our economy, in the minister's judgment, was more in line with the capability of our economy to grow steadily without inflation.

[Mr. Crouse.]

• (5:30 p.m.)

Why, then, the imposition of tax increases related to the old age security fund and the 1 per cent increase in the sales tax? We feel that the minister made a deliberate move in increasing the maximum rate of contribution to old age security from $120 to $240 to let the Canadian people know in no uncertain terms that so far as his party and colleagues are concerned any advances in our social welfare programs will be met and paid for by an increase in their taxes. This was the minister's method of saying thank you to our senior citizens for their past contributions to the growth and development of our country. He is saying, in effect, that if taxpaying Canadians want to see the senior citizens of our country decently housed, and have adequate food and clothing and a few extra dollars for medical and social needs, then the taxpaying Canadians must pay for it. In the words of my colleague from York South, the minister wants to rap the knuckles of Canadian citizens who desire advances in our social services.

We in the New Democratic Party say that if any supplemental increases in pensions are to be paid to our senior citizens they should be paid to all our citizens without any test whatsoever. The increase could have been paid in full by the increase in the old age security maximum rate and from the increases in productivity that Canadians are making in our economy. There is no reason why senior citizens should not share the fruits of present increases in view of their past services and contributions to our economy.

The increase of 1 per cent in the sales tax was uncalled for. The exemptions on building materials and food were necessary, but the housewife was hit in other areas such as family needs for clothing, appliances and furniture. This tax, imposed with apologies, will doubtless increase the prices of the items on which it is imposed because the retailer and manufacturer will merely pass it on to the consumer.

In exempting housing materials from the 1 per cent increase in sales tax the minister recognized the serious housing problem facing Canada today because of both housing shortages and the high cost of houses. However, mere recognition of the problem is not sufficient. As a first step he should have removed the 11 per cent sales tax from housing materials, thereby helping to bring down the cost of homes.

On November 21 last year the Ottawa *Citizen* indicated in an editorial that I was exaggerating when I stated in the House of Commons that Canada is facing the worst housing shortage in its history. However, when the facts are reviewed the results are more in line with my conclusion. In 1966 construction starts on new houses amounted to 134,474 units compared with 166,565 units in 1965, a decline of almost 20 per cent. What is the picture for 1967? The Economic Council of Canada in its third annual report set a goal of 170,000 dwellings a year to take care of the increase in population and new family formations.

Mr. Hignett, the president of Central Mortgage and Housing Corporation, stated in the *Globe and Mail* of Tuesday, January 31, 1967, that he was doubtful about starts going much above 150,000 this year. It is obvious we will be falling short of the projected goal of 170,000 this year, which does not take into account replacement of older houses. The 1961 census showed that of a total of 4,500,000 single dwelling houses 2,500,000 were built before 1945, that nearly 25 per cent of these houses do not have bath or shower facilities and that 21 per cent are without flush toilets.

Mr. David B. Kirhup, an economist and statistician for the Toronto Real Estate Board, made an interesting projection of housing needs in the future. He stated that it took Canada 100 years for is population to reach 20 million but it will only take 35 more years for the number to reach 50 million. This means that from 10 million to 12 million new housing units will have to be built by the year 2,000, an average of 300,000 to 350,000 dwellings per year. He also stated that one-third of all Canadians live in only eight major cities. If the present trend to urbanization continues five cities, Montreal, Ottawa, Toronto, Winnipeg and Vancouver, will house 35 per cent of all Canadians by the year 2,000. A lot of new accommodation will be needed in the cities. This projection is indicative of the serious attitude toward housing that must be taken by all levels of government.

Many Canadians have asked why there is a housing shortage. We in the New Democratic Party feel that there are at least five major reasons for the shortage. First, all levels of government are blind or apatheric to the housing crisis. Federal, provincial and municipal levels of government are failing to take their full share of responsibility to solve the housing problems; second, the moneys available for housing have been diverted into the building of shopping centres, office buildings and high rental apartments because of the high rates of interest payable in this sector; third, the high rates of interest payable by the purchasers of the new homes, now range from 7¼ per cent on N.H.A. loans to 8 to 8½ per cent on loans from conventional lenders such as insurance and trust companies; fourth, the high cost of building materials and the high cost of serviced land in urban areas and, fifth, the failure of C.M.H.C. to promote its aims and purposes.

I should like to develop these five reasons a little further and then suggest a program of action that should be seriously considered by the government. I have said that all levels of government have been blind or apathetic to housing problems in Canada. The federal government has failed to take the initiative in setting up a federal ministry of urban affairs and housing which would be responsible for the co-ordination of the national housing needs of the country, with the necessary consultation with the provinces and municipalities. It has taken the position of the friendly banker and has regarded housing on the basis of an economic tap to be turned off or on depending on economic conditions in the country at the particular time. The provincial and municipal governments have not taken the initiative in determining housing needs, more especially in public housing and housing for senior citizens, and have not co-ordinated their physical housing needs with federal financial assistance to meet these needs.

I quote the following from the Toronto *Star* of Friday, January 20:

> The apathy of municipal governments has deprived the poor of public housing in Canada, the Senate-Commons prices committee was told yesterday.
>
> The Canadian Welfare Council said in a brief that "remarkably little" use has been made of federal assistance to build more public housing for low-income groups.

Mr. Michael Wheeler is quoted as having said:

> Sometimes this apathy is the result of a lack of knowledge. Sometimes this apathy is the result of the fear that the local municipality cannot afford the share expected of it.

He is also quoted as saying:

> In some countries, up to 30 per cent of the housing stock is public; in Canada, only 1 per cent of housing is in this category.

Mr. Wheeler is also reported as having

> Meanwhile, the housing crisis is worsening... Canada will need 180,000 new units annually for the next four or five years and we have never built more than 153,000 units—

I note that the Ontario Housing Corporation has announced that it will soon allow limited income families to purchase the homes they rent from the corporation. We in the New Democratic Party disagree with this proposal because of the almost impossibility of payment and the reduction from the stock of public housing available.

• (5:40 p.m.)

In an editorial in the Toronto *Daily Star* of Monday, January 16, 1967, this argument was set forth. The editorial reads in part:

> This is one of those projects which sounds wonderful when you say it rapidly, but which looks increasingly impractical when you examine it in the light of present day realities.
>
> Let us consider, for example, the position of a tenant earning $5,000 a year—one of the group this proposal is apparently intended to benefit.
>
> At the present time, it is virtually impossible to build or purchase a new three bedroom house in Metro (except perhaps in the most remote suburbs) for less than $20,000.
>
> If the corporation charged only 5 per cent interest on the purchase price—and this is far below the going rate and would require subsidization—the interest payments would amount to $1,000 a year.
>
> Let us add to this $250 a year for taxes and $300 for heat and utilities. Our $5,000 a year man is now paying $1,550 annually or 31 per cent of his income.
>
> This is equivalent (in terms of per cent of income) to the highest rent the O.H.C. charges. It goes beyond what is considered a reasonable percentage of family income for housing.
>
> Yet in all these calculations, we have so far made no provision for repayment of the principal owing —in this case $20,000.
>
> It is obvious that if realistic monthly or quarterly principal payments are added to the interest in the usual manner, the burden would be altogether too great for a man with a $5,000 or even $6,000 income.
>
> The only way O.H.C. could sell houses on this basis would be by not only subsidizing the interest rate but by forgetting about repayment of the principal—in effect making the purchaser a present of the capital value of the house.
>
> This would be an inordinately expensive procedure. To supply a relatively few people with homes of their own, the corporation would have to cut back drastically on its funds for building or buying rental accommodation for those in need.
>
> Moreover, the houses it sold would be subtracted from the stock available for public housing, and might easily wind up being sold to some real estate speculator—perhaps to become the nucleus for a new slum.
>
> The establishment of the Ontario Housing Corporation represents public recognition of the fact that the province has an obligation to help provide decent living accommodation for those who cannot provide it for themselves. But it is wholly unrealistic to try to extend this into an obligation to provide full ownership of a house for everybody.
>
> Having made its bow to the spirit of Toronto past, the O.H.C. should quietly bury the whole idea.

May I call it a quarter to six, Mr. Speaker?

[Mr. Gilbert.]

Mr. Deputy Speaker: Order. I think the hon. member should continue.

Mr. Gilbert: Second, Mr. Speaker, the moneys for housing have moved into the building of shopping centres, office buildings and high rental apartments because of the high yield of return in these fields. This underlines the importance of direct government participation in the housing field and the necessity of change with the government being primarily responsible for financing housing needs. In 1965 the government was responsible for 35 per cent of house financing and the conventional lenders, insurance and trust companies, 65 per cent. The figures are not available for 1966 but I am sure the participation of conventional lenders was much lower. In the early part of 1966 private moneys were almost nil and this placed the builders in a mortgage strait-jacket in getting their housing programs under way for the year. This in large part was the reason for the substantial drop in housing starts for 1966. The trouble was not that houses could not be built but rather that lenders sought projects yielding higher interest rates, thereby leaving housing needs unfulfilled.

Third, the high interest rates payable by purchasers of new homes now range from 7¼ per cent for N.H.A. loans to 8 per cent to 8½ per cent on money borrowed from conventional lenders. I can only give again the example of the cost of interest on a mortgage to a purchaser, which discourages the purchase of homes. Let us look at the dollars and cents cost of interest. Consider a $15,000 mortgage to be paid off over 25 years. At last year's N.H.A. rate of 6¼ per cent, payments on principal and interest would total nearly $29,500 or nearly $2 repaid for every $1 borrowed. At 8½ per cent, and some borrowers are paying that much for home mortgages right now, the cost goes out of sight. On a $15,000 25-year mortgage the interest alone would total $21,000. The added interest cost over last year's 6¼ per cent mortgage would be $6,500. This breaks down to extra monthly payments of $21.65.

Much has been made of the chartered banks entering the mortgage field, thereby easing the shortage of mortgage moneys. It should be noted that the bank rate will probably be the same as the conventional lenders, 8 per cent and 8½ per cent. It should also be noted that Mr. S. T. Paton, the president of the Canadian Bankers' Association, said on January 31, 1967, at the National House Builders Association conference, "it will be

difficult for the banks to come in immediately with a substantial flow of funds for housing." This offers little help to solve present housing needs.

Fourth, one must consider the high cost of building materials and the high cost of serviced land in urban areas. The best thing that the Minister of Finance could have done at this time to help the housing problem would have been to remove the 11 per cent sales tax on building materials. It has been estimated that the costs of building a home are made up of 75 per cent for materials and 25 per cent for labour. These percentages indicate the substantial saving on home costs if the 11 per cent sales tax on building materials was removed.

The builders claim that the costs of housebuilding have been cut to a minimum. As reported in an article in the *Globe and Mail* of Wednesday, February 1, 1967, the president of the National House Builders Association said:

> Unless the house, as we conceive of it, changes drastically, we can't reduce its building cost much—

That was said in an interview at the twenty fourth annual convention in Toronto. Then he said:

> I have my doubts that any new concept is close. We are as advanced in our technological accomplishments as any industry.

The article continues:

> In the N.H.B.A. he has been particularly active—

In the National House Builders Association.

> —in the research committee. He is also a director of the Urban Development Institute.
>
> Yesterday's session heard a report on an N.H.B.A. research project carried out in his subdivision in co-operation with C.M.H.C. and the building research division of the National Research Council.
>
> It showed that on a three bedroom bungalow of 1,150 square feet, selling at about $18,000 with land, and costing $10,476 to build, savings of $367 are possible by taking advantage of existing minimum standards and improved techniques.

Mr. Speaker, may I call it six o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: The questions to be considered this evening are the following: The hon. member for Winnipeg North (Mr. Orlikow), Criminal Code—possible amendment respecting electronic listening devices; the hon. member for Kootenay West (Mr. Herridge), Canadian Centennial—failure of armed forces tattoo to appear in Kootenays.

Royal Assent

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

> Mr. Speaker, the 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.

• (6:00 p.m.)

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 to amend the Canada Corporations Act to facilitate the incorporation by letters patent of corporations without objects of pecuniary gain.
>
> An Act to incorporate The Evangelical Covenant Church of Canada.
>
> An Act to amend the Judges Act.
>
> An Act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions.
>
> An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1965 to the 30th day of June, 1967, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. Speaker: It being six o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions (papers), private bills, public bills.

Mr. Starr: Mr. Speaker, I wonder whether it would be agreeable to the house to dispense with this hour and adjourn for dinner until eight o'clock?

Mr. Speaker: Is there agreement to the suggestion that has been made?

Mr. Barnett: Mr. Speaker, I think the order that has been called is notices of motions for papers, a debatable item. I had understood informally that the one standing in my name was likely to be called. I have no desire to make extended remarks, and if there can be some agreement among those members present who desire to say something on this item that after they conclude their remarks we will then suspend our sittings until eight o'clock, this would be quite satisfactory to me.

Motions for Papers

MOTIONS FOR PAPERS

GEOGRAPHICAL CO-ORDINATES RESPECTING BASE LINES

Mr. T. S. Barnett (Comox-Alberni) moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all notes and other communications exchanged between Canada and the United States of America since the enactment by parliament on July 16, 1964, of the Territorial Sea and Fishing Zones Act having to do with the issuance by the Governor in Council of one or more lists of geographical co-ordinates of points from which base lines may be determined in accordance with the provisions of the act.

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

Mr. Barnett: Mr. Speaker, I would be most happy if we could have immediate agreement to carry this motion but I have some doubt, in view of the fact that the motion had to be transferred for debate, whether that could be achieved without the advancement on my part of at least some argument.

The subject matter of this motion concerns a matter which in my view represents a piece of uncompleted legislation in the sense that a very important part of an act that has been passed has so far not been acted upon by the government. While there may be times when I would readily agree that the kind of documents asked for in this motion could be properly considered as privileged and it might not be in the public interest to table them in the house nevertheless I feel that under the particular set of circumstances prevailing in this case the general rule has in effect ceased to apply. I believe the time has come when we in this house and those Canadian citizens who are particularly interested in this question should have some factual knowledge of what has been going on rather than being left, as we have been over such an extended period, in a sort of never-never-land on this particular matter.

I hope to be able to prove my point, Mr. Speaker, largely by means of words which have come from the mouth of the Secretary of State for External Affairs (Mr. Martin) on this subject. In order to do that I should like to recall to the memories of the minister and other hon. members something of what he had to say about the act referred to in the motion when the bill was brought before the house for second reading on May 20, 1964. My motion has to do with the co-ordinates involved in the determination of base lines. On page 3409 of *Hansard* of that date the minister referred to the matter in these words:

• (6:10 p.m.)

The second important purpose of the bill is to apply the straight base line system to the Canadian coast line. This part of it, unlike the section concerning fishing zones, will be of an enabling character. When the bill comes into effect the Governor in Council will be authorized to draw straight base lines. The question may be asked: what does this achieve? In response, I would say that what the bill accomplishes is of great significance. It makes applicable the straight base line system to the Canadian coast. These straight base lines will be drawn in accordance with international law, on the basis of the decision of the International Court of Justice in the Anglo-Norwegian fisheries case and of the Geneva convention on the territorial sea and fishing zones and taking into account Canadian historic interests in the bodies of water off our coasts.

Then he went on to say:

...it makes applicable, on proclamation, the general system of straight base lines to the Canadian coast line. The authority that is given to the Governor in Council is with respect to the specific lines to be drawn and the exceptions to be made. The larger effect of the bill is to make applicable the principle of the straight base line system to Canada. Hon. members will note that the bill specifically provides that all areas enclosed by the new straight base lines will be internal waters of Canada. This is important and may have far reaching consequences.

He also said:

I am convinced that in taking this action now—as the government is doing, unilaterally—Canada is acting in accordance with present day international law and practice. The government is convinced that we are following the wisest course in immediately seeking agreements with the countries affected by our action.

Later he referred to the pros and cons of the course Canada should have followed after having referred certain things to a Geneva conference on the law of the sea. He said:

When the present government took office a year ago we came to the conclusion—and we regretfully came to it—that for the foreseeable future there was no possibility of reaching general agreement on a 12-mile fishing zone.

Canada had to make a choice. There were two possibilities. We could have decided in favour of postponement. This would have meant an indefinite delay. This would have meant that we would not have for a long time the 12-mile fishing zone which this legislation will make possible. Meanwhile, our resources would have continued to be depleted, as greater and greater fishing fleets drew nearer our shores.

Then he went on to say:

Our experts looked at the situation in international law.

He followed that by saying:

In the circumstances the government concluded that a decision by Canada to establish a 12-mile

fishing zone from straight base lines would be soundly based on present-day international law and practice. We chose this course, and so the government has brought forward accordingly the legislation we are now considering.

He went on to say that at the same time Canada recognized that our action had international implications, and it will be recalled that the Prime Minister informed the house a year ago that we would consult with the countries affected by our action and seek to work our satisfactory arrangements with them.

I want to be fair to the minister. He also said:

> ...we did not minimize the problems involved in some of the negotiations lying ahead of us. Nor do we minimize them now. These negotiations may be difficult and we must accept this fact.

He spoke about negotiations further and then said:

> This is what the government of Canada is now in the process of doing. We have already had three rounds of negotiations with the United States. In the last two months we have had a round of discussions with Norway, Denmark, Britain, Portugal, Spain, Italy and Japan.

He explained that these countries had sent officials to Ottawa for talks. Then he said:

> We have made clear that the United States and France will be allowed to continue to fish in those areas where they have fished before, subject to agreed arrangements and regulations for the protection of the fisheries concerned.

I wish to draw to the attention of the house that the remarks of the minister were made on May 20, 1964, and that as he explained, we had already had three rounds of negotiations with the United States. The government had made clear that the United States and France, because of our conventions with them, might continue taking fish within fishing zones that would be included as internal waters of Canada under the bill the minister proposed.

The minister gave this explanation, as will be found on page 3411:

> I have said that the bill makes applicable the straight base line system to Canada. When the specific base lines are delineated, all the waters inside these lines will become internal.

He spoke about the effect that the bill would have on other interested countries, and said:

> —we have decided to allow a short period of time to elapse before starting to enforce Canadian laws in the fishing zones of Canada.

As found on page 3412 he made this statement, which I was prepared to accept as rational and reasonable:

> While negotiations are under way with foreign powers, friendly though they may be, no disclosure may be made until such time as it is in the interest of the parties concerned.

I come to the crux of my argument in respect of the motion before us, that the time has come when it is in the interests of Canada and the people of this country to know what has happened since May 20, 1964. We want to know more specifically what has happened.

An hon. Member: Hear, hear.

Mr. Barnett: Three years ago we were told that there had been three rounds of negotiations with the United States on this subject prior to the passage of the bill. In replies to numerous questions in the house since the bill was proclaimed, we have been told that continuous negotiations have gone on and on and on. I am prepared to accept the statement of the minister and his colleague, the Minister of Fisheries (Mr. Robichaud) that negotiations have been going on. Apparently, from the way things stand, these negotiations might go on until we celebrate our second centennial. That is not good enough. Parliament gave its assent to a bill. The minister will recall that some of us disagreed with the approach but nevertheless the house did assent to a bill which authorized the Governor in Council to proclaim straight base lines by which the fishing zones would be measured.

• (6:20 p.m.)

The time has long passed for this action to have been taken. If it is not going to be taken we should be fully informed of the reasons why no action will be taken. This consideration, I now submit, overrules the accepted practice with regard to what has transpired by way of exchanges of notes and communications between this country and a friendly power, to use the minister's expression. On that occasion he said:

> I am confident the United States and Canada will be able to work out a solution in this field, as we have to other difficult problems. In view of our tradition of the closest co-operation, I remain optimistic that we shall reach a satisfactory common accord.

My understanding at the time was that this was something on which we could expect fairly speedy action. In fact the minister himself, as I recall it, said he hoped that the base lines, or some of them at least, could be proclaimed before the end of 1964.

I know the minister is always anxious to convince us that he is hard at work. On the other hand he should recognize that members are anxious to know what he is doing from time to time. I will refresh his memory as to the continuing interest taken by hon. members by pointing out to him that in the session following the 1964-65 session this subject was raised in the house on four different occasions by various members. While we were not disposed to push the minister too hard in the 1965 session we clearly indicated that we were anxious to see some action taken.

I checked the index of *Hansard* up to the end of December and I found that during the current session this subject matter had been raised on no fewer than 24 occasions either by questions or in the course of discussion. This reflects the growing impatience on the part of those who have a particular interest in the subject at the delay which has occurred and, if I may say so, at the kind of replies we have been getting from the government.

I have picked out at random some of the questions which have been asked and some of the answers which have been given on this subject. On April 30, 1965, the hon. member for Skeena (Mr. Howard) had this to say:

A supplementary question to the Minister of Fisheries, Mr. Speaker. In his capacity as a swift actor—

An hon. Member: "Actor" is right.

Mr. Howard: —I wonder if the minister would mind telling the house how he is progressing with the establishment of straight base lines which matter was dealt with in the house about a year ago now.

Mr. Robichaud: This matter is under very active consideration.

A little later in the same year I addressed this question to the Secretary of State for External Affairs:

Have the negotiations for the establishment of base line co-ordinates been completed? If not, what is the minister doing to assist his colleague, the Minister of Fisheries, in this connection in view of the minister's primary responsibility for external affairs?

The Secretary of State for External Affairs replied:

What am I doing, Mr. Speaker? I am working very hard together with my colleague, the Minister of Fisheries, in respect of a negotiation that is proving very difficult.

Mr. Barnett: Is the Secretary of State for External Affairs aware of the fact it is almost a year now since the act was proclaimed in connection with the extension of our fishing zone?

Mr. Martin (Essex East): Mr. Speaker, I am only too well aware of the fact.

[Mr. Barnett.]

Then the hon. member for Queens (Mr. MacLean) asked a supplementary question in reply to which the minister said he could give the necessary information in more detail to the meeting of the committee on external affairs.

Let me now refer to the answers we have been getting during the current session. On January 19, 1966, as reported on page 20 of *Hansard,* the hon. member for Queens-Lunenburg (Mr. Crouse) directed the following question to the Secretary of State for External Affairs:

Would the minister take the house and Canadian fishermen into his confidence and tell us when his department or the government plans to name the geographical co-ordinates so that base lines can be drawn which will establish the 12-mile limit as set out in the legislation?

To this the Secretary of State for External Affairs replied:

Mr. Speaker, as my hon. friend knows, the government has already introduced this legislation, which has already been accepted by the house, to establish a 12-mile fishing zone limit based on the straight base line system. Before these straight base lines can be determined agreement has to be reached between Canada and several other countries. These negotiations have not yet been completed but just as quickly as these difficult negotiations have been completed I will be in a position to give a more definitive answer.

On March 9, as recorded on page 2466 of *Hansard,* we were discussing fisheries estimates. I inquired what was being done and the Secretary of State for External Affairs said:

May I assure my hon. friend that this question is a matter of great importance, and I share his view of that importance.

I know we can always enjoy the words of the Secretary of State for External Affairs but I am much more concerned at the moment to have more tangible evidence of his interest than has been given to the house so far in response to questions.

I have one more reference. On December 19, 1966, the minister was asked by my hon. friend from Skeena whether he would be in a position to fulfil his commitment that the straight base lines will be proclaimed before the end of the year. He did not say which year. The Secretary of State for External Affairs said: "I doubt that I could assure my hon. friend—

Mr. Speaker: Order. I have to interrupt the hon. member as his time has expired. Unless he is granted leave to go beyond his allotted time—

Some hon. Members: Agreed.

Mr. Barnett: I am at the point of concluding my remarks in any event. I simply wish to emphasize that in view of the long series of answers about negotiations going on and on, the time has come when in my view the house should be given something more definite to indicate what has been taking place. It was for this reason that I decided to put this notice of motion for the production of papers on the order paper. I think we are entitled to know just what the government has been doing or not doing in its dealings with the United States. If it has become apparent that we shall not reach agreement with the United States on this matter the time has come when we should know about it.

Mr. Martin (Essex East): I think we shall.

Mr. Barnett: Unless the minister or his colleague the Minister of Fisheries can persuade us otherwise, I think the house is entitled to the documents referred to in my notice of motion.

• (6:30 p.m.)

Hon. J. A. MacLean (Queens): Mr. Speaker, I do not intend to take up much of the time of the house, since apparently there was an agreement that we might rise before seven o'clock for the supper hour. However I want to express my appreciation to the hon. member for Comox-Alberni (Mr. Barnett) for giving us the opportunity to have a brief debate on this important subject.

As you know, Mr. Speaker, the law of the sea with regard to the width of national fishing zones and national waters has been a very live issue for a number of years, joined with the tendency to make greater and greater demands on the living resources of the sea as a source of food, especially by countries such as Japan, which have a relatively small agricultural base and big populations.

It will be recalled that at one point the United Nations convened a conference in Geneva to try to reach agreement on the width of territorial waters and straight base lines. There were two conferences. The Canadian proposal, which was known as the Six Plus Six formula, provided for territorial waters with a width of six miles, plus an exclusive fishing zone of an additional six miles. That proposal failed to carry by a very small margin.

This was a great disappointment to Canadians, and in the next election campaign there was much loose language used by certain people with respect to this item. I am not looking at the Minister of Fisheries (Mr. Robichaud) when I say this, but representatives of his party did indulge in this loose talk. They said, "Why, there is no problem at all. All that is lacking is resolve on the part of the government of the day. If we should come to power we will wave a magic wand, the foreign fishing vessels will disappear over the horizon, and there will be no more problems. All we have to do is unilaterally declare a 12-mile zone, and everything within a straight base line is Canadian waters for the exclusive use of Canadian fishermen."

However, when the Liberal government came to power it found the problem was not quite so simple. My greatest objection to the course being followed by the government is on the long delay in coming to a conclusion; but an even greater misdemeanour, if one may use that term, was perpetrated by the Liberal party in leading the Canadian people to believe that this was a simple problem that could be quickly and satisfactorily solved.

From experience I know there are great difficulties involved, but the question in the mind of the fishing industry is, where do we stand now? I recognize the necessity for a period of negotiations during which the negotiators on behalf of the Canadian people would not disclose the exact situation, while still in the midst of the bargaining process. But it should be recalled that the government was about a year in office when it had this legislation passed, and the legislation itself did not declare unilaterally that the straight base lines system would be brought into effect.

The bill had the effect of creating exclusive fishing zones from the nearest coastline, excluding nations that did not have historic fishing rights; but the important thing dealt with by the bill was the establishment of headland to headland base lines which would enclose large, important bodies of water, such as the gulf of St. Lawrence, the bay of Fundy and Hecate strait. The catch, however, was that the base lines were to be established by order in council following negotiations with foreign countries. These negotiations have now been going on for three years.

Only history can tell which is the better of two possible approaches to a problem. When I was minister of fisheries my colleagues and I felt that negotiations should be advanced as far as possible before one started to wave a big stick, saying what one would do unilaterally. In some respects our bargaining position may not be as strong as we would like it

to be, but the question now is how long the government can hide behind the proposition that while negotiations are going on in confidence, parliament and the Canadian people cannot be informed of the exact situation.

Technically I agree with the government that these are privileged documents which should not be produced, because if they were produced it would create a bad precedent. Nevertheless the government in conscience cannot go on year after year telling us the negotiations are continuing, and that it is doing everything it is possible to do. This may be perfectly true; but we have to accept the government's word for it, and no matter how sincere its judgment may be it is bound to be a judgment which favours its own position. The time has come when parliament and the Canadian people must be let into the government's confidence, unless of course that would destroy the hope of an imminent agreement being reached.

But if real progress is not being made, then the government may have to take the responsibility of starting all over again, and possibly of taking action to initiate another law of the sea conference. If such a conference were held now I believe the Canadian proposal might carry, because in the interim there has been much change. There are many new members in the United Nations, and in addition many countries which attended the previous conference have since unilaterally declared 12-mile exclusive fishing zones.

• (6:40 p.m.)

Mr. Martin (Essex East): Including the United States.

Mr. MacLean (Queens): Exactly, and Ireland; there is a whole long list. In this connection I might suggest also that the bargaining position of the Canadian government might be enhanced if this parliament ratified the conventions that were agreed to in Geneva at the last conference. I think there are three or four of these. I believe in some cases the required number of nations have already ratified them, and that this is something which should be done. I believe I am correct in saying that none of these conventions as yet has been ratified by Canada. These are suggestions I make to the ministry at the present time; but I say with all the force at my command that I think the time has come when the government must decide what its course is at the present time, and must conclude its negotiations at a very early date so that we can be brought fully into their confidence as to what the situation really is.

[Mr. MacLean (Queens).]

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I agree with the two hon. gentlemen who have just spoken, that this is a matter of considerable importance to the fishermen of our country. Strictly speaking, the motion which is before the house is not one which would allow us to examine the government's policy with regard to establishing a 12-mile fishing zone based on the straight base line principle. However, I understand the interest of the two hon. gentlemen and other members of this house in the substance of the proposition, and therefore I have not raised a point of order.

The issue before the house is not whether the government has made progress in its negotiations. The issue is whether the house should be given documents which have been exchanged between the government of Canada and other governments. That is the issue before the house, and nothing else. I would submit—and indeed the hon. member for Queens (Mr. MacLean) has agreed that this is the case—that it is not right for hon. members to ask the government to disclose the house the contents of documents, aide-memoires, and letters which have been exchanged between one government and another in respect of negotiations which have not yet been completed.

It is clear why parliament has devised this rule, because if the rule were otherwise it would not be possible for the government to carry out its diplomatic intercourse and it would not be possible for the government to maintain its diplomatic position in its negotiations with other countries. It is clear that until such time as negotiations have been completed, those negotiations would stand in jeopardy and would suffer if there should be a premature disclosure. I do understand however the impatience of hon. gentlemen. I share that impatience, and so does the Minister of Fisheries (Mr. Robichaud) who has toiled arduously during the past two and a half years in an effort to implement the full provisions of the bill.

The situation briefly is this: We passed a bill authorizing the establishment of the 12-mile fishing zone that is now in effect. It now is the law of the land. There was objection to this measure. Indeed, it will be recalled that when the Prime Minister met with President Kennedy at Hyannis Port in the spring of 1963, the Prime Minister intimated that it was the intention of Canada to establish a 12-mile fishing zone and that we proposed to do so by measuring the 12 miles not on the basis of the

sinuosities of the coast but on the straight base line system. The president was not too happy about this declaration of intention. The government nevertheless, while recognizing the cordial relations which exist between our two countries, caused such a measure to be introduced into the house.

As I have said, the law of the land provides that there be a 12-mile fishing zone. This was done because of the frustrations which were experienced by others who had sought to achieve the same thing by the process of international conference. I am not criticizing the former government for having tried by the conference method to bring about what we did legislatively. My friend, the hon. member for Queens, has discussed this matter in most objective terms tonight, and on the other occasions when he has participated in this debate. We felt however that the conference method, desirable as it is and preferable as it is, had not succeeded in achieving its purpose. There was then no other course open to us but to resort to a legislative measure in order to do what other countries—almost half the countries of the world—had done by unilateral action.

So, we have before us an accomplished fact. We could not establish the straight base line system without at the same time asserting with success ownership of certain bodies of water over which we claim a proprietary interest and title. The negotiations with the United States and other countries such as Spain, France, Norway and others have been protracted. They have taken a longer time than I ever anticipated they would. But no one can criticize the government because of the action taken by other countries with regard to our proposal to establish the initial measurement of the 12-mile system based on the straight base line principle.

All has not been in vain. Not only have we established a 12-mile fishing zone, but so also has the United States. As a result of the action taken in this house we have built up a jurisprudence in this matter. There can be no doubt that the United States would not have embarked upon the establishment of its 12-mile fishing zone, in the light of the attitude it took at international conferences when an effort was made to resolve this question, if it had not been for the fact that our parliament at the instance of this government did establish the 12-mile fishing zone.

It had been my hope that we would have been able to start to establish the co-ordinates long before this. As my friend, the hon. member for Comox-Alberni observed, I did say that perhaps by the beginning of 1965 we might be able to do so. But we had to make a choice between doing that and subjecting ourselves to litigation, which would have caused a greater delay than these negotiations have caused or, I am sure, will prove to have caused.

I believe it will not be long now before we will begin to establish some straight base lines. I do not say that we will complete them, but I believe we will be able to establish some straight base lines very soon. If we do not I will be greatly disappointed. I am making this prediction on the basis of my assessment of the state of the negotiations now with a particular country. I am awaiting a reply to a proposal that the government made as a result of negotiations between the Minister of Fisheries and myself with the United States. I believe that we should hear from the United States within the course of the next few days. When this reply reaches us we will have a better appreciation of when we can begin to establish co-ordinates and straight base lines, and when we may take other steps to further the objective we have in mind.

• (6:50 p.m.)

I believe that, while the negotiations have taken a year and a half longer than I thought they would, the fact is that during that time we have steadily built up a body of opinion to the effect that the Norwegian case is not without application to Canada in the situation we are discussing.

On the question of procedure, it must be clear that I cannot agree to tabling the documents sought in this motion. Hon. members know that diplomatic usage does not permit the government to make available to the public without the consent of the other party, the instruments used in negotiations, until and as long as agreement has not been reached. Whether or not we have this consent from the United States I feel we would not be discharging our responsibilities as a government if we agreed, on our own, to such disclosures. This would make difficult any further negotiations we have with other countries.

This question has been decided many times in the house. My hon. friend, the hon. member for Comox-Alberni (Mr. Barnett), it will be recalled, on October 6, 1963, moved for a copy of cabinet minutes and other official documents authorizing the Secretary of State for External Affairs to notify the executive director of the International North Pacific Fisheries Commission

that the commission's recommendation for removal of halibut stocks in the Bering Sea had been accepted. I pointed out on that occasion that it was a well established rule in Canadian parliamentary practice that documents and cabinet minutes could not be revealed, for the very reasons I am advancing in this instance. Our procedures clearly establish that documents involving international negotiations which are still incomplete cannot be made available against the wishes of the government, and certainly not without the consent of the other government and without the consent of the other parties to the negotiations.

I remind my hon. friend of a decision in this house on January 24, 1955 when the then secretary of state for external affairs, the present Prime Minister (Mr. Pearson), refused to produce an exchange of letters between the government of Canada and the government of the United States concerning the imposition by the United States of total or partial impediments to the importation to the United States of some agricultural products. The then secretary of state for external affairs said that this motion concerned diplomatic corresondence with a foreign government and dealt with negotiations then in progress. He said that according to well established practice of the house, this information was privileged and it would not be possible to table it. That motion was withdrawn.

Likewise in 1957 a motion was made by an hon. member for the tabling of the preliminary report concerning hydroelectric development of the Columbia river system in Canada. The then acting minister of northern affairs and national resources, the hon. member for Calgary North (Mr. Harkness) expressed his opposition. These reasons undoubtedly were in the mind of the hon. member for Prince, who concurred in the position I am taking with regard to the application of the hon. member for Comox-Alberni. I am sorry, I meant the hon. member for Queens (Mr. MacLean). The hon. member is such a prince I always confuse his status with that of his colleague's constituency.

This is what the hon. member for Calgary North said on that occasion:

> —negotiations with the United States in regard to the Columbia river system and the development of hydroelectric power on that system have been going on and will probably continue for some time. We do not consider it in the public interest that this document should be made public during the time these negotiations are in progress—

[Mr. Martin (Essex East).]

That motion was actually voted on and was rejected.

There have been a whole series of other similar requests. My hon. friend, the Minister of Fisheries (Mr. Robichaud), played a part in a similar request for documents under similar circumstances. That request was rejected on June 5, 1963. The minister refused the production of a copy of a recommendation of the International North Pacific Fisheries Commission, and all exchanges between the government and the commission and other parties relating to this recommendation. As a result of his opposition the motion was modified.

On May 5, 1965, the Minister of Industry (Mr. Drury), found himself in the position of refusing a demand for documents concerning an agreement between the governments of the United States and Canada providing for free exchange in the automobile industry.

We are all familiar with these precedents which one could go on reciting. I think the case for the request is so clearly contrary to our practice and procedure that I am not asking too much of the hon. gentleman, now that he has delivered himself of his irritations and impatience, to acquiesce in the request to withdraw the motion which, in the interest of what he seeks, should not be adopted. I ask my hon. friend not to lose heart, because I am sure he will find that the negotiations the Minister of Fisheries and myself have had are not inconsistent with his objective, and very much in the interest of the fishing industry and fishermen in Canada.

Mr. MacLean (Queens): Mr. Speaker, for the sake of clarification of the minister's statement, and so it will be readily understood by anyone reading *Hansard,* I should say this. The minister said that we now have a 12-mile fishing zone. That is legally correct; but I am sure he will agree that this does not apply to a number of countries, because of their historic fishing rights in these waters, and that many foreign vessels are actually still fishing within 12 miles of our coasts.

Mr. Martin (Essex East): That is right. Of course, as my hon. friend knows, if our negotiations succeed, the arrangement is that we will recognize the historic rights of those nations, which will still enjoy the right to fish in these waters for a period of time.

Mr. MacLean (Queens): Will the minister agree that if this had been brought about by international agreement, rather than by uni-

lateral declaration, the litigation would be greatly lessened?

Mr. Martin (Essex East): As my hon. friend knows, this was attempted twice at an international conference. We gave this idea consideration, but we were satisfied as a result of exchanges we had with other countries that international conferences for this particular purpose would not prove successful. We decided the only way we could do this was to act on the basis of our sovereign power in this country, just as almost 40 other countries have done.

• (7:00 p.m.)

I am sure that in this way we have not only achieved our objectives regarding the 12-mile zone but we have encouraged other countries to adopt the same practice.

Mr. Barnett: Mr. Speaker, in view of the fact that it is now seven o'clock perhaps I might be allowed to meditate upon the minister's request that I withdraw my motion. I will, of course, have to keep in mind the minister's own record of persistence in seeking the production of documents when he was on the opposition side of the house, which was a precedent he did not cite—

Mr. Martin (Essex East): Do not remind me of my mistakes.

Mr. Barnett: —in his review of past precedents in the house.

Mr. Speaker: The hour appointed for the consideration of private members business has now expired. The house will return to the consideration of business interrupted at six o'clock.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

Mr. Speaker: Do I understand that there is agreement that the house adjourn until eight o'clock?

Some hon. Members: Agreed.

SITTING SUSPENDED

23033—814

SITTING RESUMED

The house resumed at 8 p.m.

Mr. Gilbert: Mr. Speaker, just prior to the six o'clock adjournment I had set forth the fourth reason why we in the New Democratic Party think there is a serious housing shortage in Canada today, and I said that it was due to the hight cost of building materials and the high cost of serviced land in urban areas. I put forth the builders' claim that the cost of home building had been cut to a minimum, and I quoted from an article in the *Globe and Mail* which supported the builders' contention.

Another aspect of this matter is the high cost of serviced land in urban areas, which is a very serious problem. This has been caused by land speculators. May I note that the Minister of Labour (Mr. Nicholson) who is in charge of housing, has been urging Canadian cities to become active in the land market to prevent the prices of lots being forced upwards by speculators. He indicated also that federal legislation has existed since 1949, empowering the C.M.H.C. to help finance residential land development, but he indicated that the provinces and municipalities are not making full use of it. The minister said:

> It is our view that provincial and local governments in Canada by a large scale commitment in this activity could market serviced lots at reduced prices at no net cost to the taxpayer either federal, provincial or local.

I agree with these views. However, encouragement should also be given to these bodies to change the expropriation laws in the provinces to ensure that fair and reasonable compensation is paid for such expropriated lands.

The fifth reason is the failure of the C.M.H.C. to promote the aims and purposes of the National Housing Act and the Central Mortgage and Housing Corporation Act. The housing programs financed by N.H.A. and C.M.H.C. have not begun to take care of low income persons. For example, in 1965 the average income of a borrower under N.H.A. was $7,200 and in 1966 it was $6,600. No help was provided for persons below the $6,000 level. In fact, figures indicate that only 8.5 per cent of N.H.A. loans were given to persons earning between $4,000 and $6,000 and .5 per cent to persons earning under $4,000. This reminds me of Professor Murray's saying that this is socialism for the rich but not for the poor.

Another important aspect is the high percentage of income that a person must pay toward principal, interest and taxes. The

gross debt service of these three items is not supposed to exceed 27 per cent of gross income according to N.H.A. regulations. This amount is too high. The striking feature in this pattern is that those families which can least afford it spend proportionately more for their housing, and usually get the least value for their money. For families earning less than $4,000 and purchasing homes under the N.H.A. in 1965 the average ratio of gross debt service to income was 29 per cent. For families earning between $4,000 and $6,000 it was 25 per cent and for those earning $10,000 or more it was 13.8 per cent.

The rule of thumb commonly used is that shelter costs should not exceed 20 per cent of income, rising possibly to 25 per cent if such services are included as heat, light and water in rental accommodation, or principal, interest and taxes for home ownership. Such a ratio must be adjusted for persons in the low income brackets to take account of their family needs for a decent and adequate standard of living. For example it has been suggested that a family with a net income of $200 per month should not spend more than 15 per cent on shelter costs.

The federal government has failed to take the lead with the provinces and municipalities to ensure that homes are provided for persons with low incomes and for senior citizens.

Having attempted to set forth reasons for the failure by all levels of the government to find solutions to our housing problems, I should like to suggest the following 10 point program to meet the problems:

1. The setting up of a federal ministry of urban affairs and housing, with the C.M.H.C. being directly responsible to the new minister and having the responsibility of suggesting an overall housing policy for Canada based on surveys of housing needs conducted by and in consultation and co-operation with the provincial and municipal authorities.

• (8:10 p.m.)

2. The federal government through C.M.H.C. should make available large amounts of money for new houses, public housing, senior citizens housing and co-operative housing. The target for the next three years should be at least 250,000 new homes a year to take care of increases in population, new family formations and replacement of older housing.

3. Moneys for the new projects should be obtained by the sale of home bonds guaranteed by the government in denominations of $500 and $1,000, repayable in five or ten year terms and bearing interest at attractive rates for sale to Canadian people and firms. Canadians who bought war bonds during wartime to protect Canada will be prepared to buy home bonds in peacetime to build Canada.

4. Rates on all new mortgages to purchasers of homes should not exceed 5 per cent, and the federal government should subsidize interest rates above these levels either by income tax adjustments or by direct payments. All mortgage loans should include, if necessary, an extra $2,000 for the purchase of fixtures, furniture, furnishings and appliances.

5. There should be large-scale land assembly projects initiated by both provincial and municipal levels of government, with financial participation by C.M.H.C. This would cut down the high cost of serviced land in urban areas.

6. Assembled lands by provincial and federal governments should be leased for development purposes, enabling reduced prices of serviced lots and community control over land use.

7. Municipal services relating to urban renewal schemes such as schools, recreation centres, parks, streets and sewer improvements should be included in the total cost of an urban renewal project and subject to the three level cost sharing. The cost of renewal should include the relocation and renewal expenses of displaced residents and business firms. Displaced homeowners should be offered special loans to help purchase a replacement property, if they cannot obtain suitable housing with a moratorium on repayment of the special loan until the property is sold.

8. Direct loans below market interest rates should be provided to low income families for property improvement.

9. Senior citizen homes and public housing must be an integral part and a first priority of any crash housing program.

10. We must study and develop new techniques for the mass production of housing and the streamlining of building codes. Habitat is an excellent example of new building techniques.

If the government were to adopt the above measures and develop them into a housing program for Canada, Mr. Speaker, we would be facing our next hundred years with a sense of purpose, pride and concern for all

Canadians. Our pledge should be: Decent housing for all Canadians as a basic right guaranteed by government action.

[*Translation*]

Mr. Jean Chrétien (Saint-Maurice-Laflèche): Mr. Speaker, I should like to make a few remarks particularly on the resolution introduced by the official opposition. Since the vote will be taken in a few minutes, it would be advisable, in my opinion, to dissect— if I may use that expression—the two parts of that resolution.

First of all, the resolution states that the government should have paid the old age pension

—by drawing on the surplus now in the old age security fund.

I admit that the old age security fund has now a reserve of several hundred million dollars, but it would be irresponsible to draw from that reserve for several reasons. First of all, when the government, in 1963, drew up its policy of increasing the old age pension by $10 and of reducing the eligible age from 70 to 65 years, it provided for a higher amount than needed to be collected in the first years, so as to have enough money available when the eligible age would be 65 years.

If we were to act in accordance with the suggestion contained in this motion, it would only be postponing the difficulty for a year and the weight of taxation would be twice as much next year when, in addition to the increase to $105 for the year 1968, it would have been necessary to collect more taxes to cover the increased number of pensioners due to the lowering of the age limit to 65.

When a plan is made, when provision is made for a long period of time, the plan should be followed. That is basic. We hear more and more about planning in the various platforms of the political parties. This is a plan that was providing for the payment of old age pensions in the years to come. Now, the suggestion is that we use in one year all that is left in the fund so that in one year, or two, or three, the whole cost will be borne by the taxpayer for that year. In my opinion, it would be detrimental to the pensioners as well as to the economic situation in the years to come.

The motion also mentions inflation and the rising cost of living and it is claimed that the tax will exert undue pressure on that economic phenomenon. Mr. Speaker, this claim runs counter to the most elementary economic notions. There is inflation because demand is too great. Inflation often results from a lack of production to meet the demand and hence, in many cases, to stop inflation the demand must be reduced. This can be done in one of two ways: either through fiscal policy or through monetary policy.

It is recognized that, in the Western hemisphere, countries have placed too much dependence on monetary policies in recent years.

That is why we saw the rate of interest go up at a frightening pace throughout the world.

The present Minister of Finance was one of the first to see the problem and the first to act. The March 1966 budget showed that the government wanted to reduce inflationary pressures through a more vigorous tax policy calling for the imposition of taxes to the extent necessary to balance the budget.

The most interesting aspect of this attitude is that this economic policy inaugurated, or at least ushered in a change in the tax policies of several countries of the western hemisphere.

During the summer, in July 1966, we saw Prime Minister Wilson follow this trend and, more recently, the United States increased their own taxes in order to meet their greater obligations. The greatest reproach made against the American administration during the last seven or eight months is that it lacked courage to increase taxes while the country was confronted with inflation.

To be consistent in his policy, the Minister of Finance was forced to present his mini-budget in December. As the House of Commons had increased the government's financial obligations toward our old age pensioners and had promised taxpayers, in March 1966, to maintain a balanced budget, we had to find the $280 million needed to pay the increased pensions. This is, in my opinion, the main reason for the presentation of that budget on December 19, 1966. An important result of this budget was to bring the voters back to the world of reality. Because of the numerous elections held in the last few years, political platforms tended to outdo one another in the field of social security.

• (8:20 p.m.)

Now we know that one cannot get anything for nothing. It will now serve no purpose to try and deceive the voters by telling

them that they will be given this or that. We know that if $5 are spent, the money will come from the taxpayer's pocket. One may be all for social security or for any new scheme; that is fine. But why try to deceive anyone? When introducing new programs, we should be practical enough and show enough maturity to tell the people how much it will cost, so that they may pass judgment on the way the country is being administered. What is the use of telling them that it is not costing them anything? They find out otherwise six, eight or 12 months later and hold it against our public bodies.

If we always act as we did in December, they will know that they now have responsible people in the government. It is no use making them believe that money grows on trees because they all know that it must come out of our pockets and that waiting six or eight months, or a year or two, is only putting off the same thing and then it is difficult to go back to the people and tell them that we intend to administer their own money properly.

But when taxes must be collected to pay $280 million, it is never an easy matter. One must always choose the less of two evils.

In his December 1966 budget, the Minister of Finance chose two sources of taxation. First of all, he felt it would be appropriate to increase from $120 to $240 the maximum old age security tax. Thus, only a third of the taxpayers in higher income brackets are affected, that is, with the maximum old age security tax being raised to $240, the head of a family with two dependent children who earns less than $5,800, does not pay a cent more. Of course, it is not much for someone with a $5,800 income, but he must consider—according to the facts and statistics—that he ranks among the third of Canadian taxpayers with higher incomes.

To make up that amount of $280 million, we have raised the sales tax by 1 per cent. But it must be remembered that this sales tax does not apply to all areas of our economy. It does not apply to food; it does not apply to fuel; it does not apply to building materials; it does not apply, in fact, to the most essential products which the consumers must purchase.

As for the two new taxes we have had to impose—it is always a problem to impose new taxes—I am convinced by the general reaction—that people have found them quite normal and that they are willing to pay them, knowing that they are directly related to a social security measure which everyone in this house wanted, that is increasing the old age pension to $105.

Mr. Speaker, since we are now entering our sixth year of continued economic expansion, since 1967 will again be a year of expansion, and since our economy appears to be more balanced at the present time, we must be cautious and go into action at the slightest warning of inflation or deflation. This is an extremely critical point in the history of our economy.

In years past, after two or three years of continuous expansion, we would have a year of recession. We have succeeded, through dynamic economic policies in maintaining this expansion for six consecutive years. And I feel we must continue to act when the time is right, just like we did in December, taking whatever remedial steps needed.

The motion presented by the opposition is pure political nonsense; it does not take the present situation into account. The mere fact that it contains a meaningless economic statement, at a time when expansionist policies have the upper hand in fighting inflation, makes this a ridiculous motion; no argument whatsoever has been brought forward which could really destroy the theory of the Minister of Finance, in establishing his mini-budget.

The serious and timely economic policies adopted by the government since 1963 have resulted in the longest period of expansion in the history of our economy. A theory such as the one upon which we will vote later tonight will surely not provide for continuation of economic progress. However, praise be the Lord. The Conservatives are sitting on the Speaker's left, and it looks like they will be there for quite a while yet.

[*English*]

Mr. Melvin McQuaid (Kings): Mr. Speaker, I intervene in the debate this evening, not so much to discuss the items arising out of the budget as to take advantage of this opportunity to bring to the attention of certain government departments grievances which should be rectified as quickly as possible. Some of the matters with which I shall deal are purely local, but there is one which is of national concern and which, I suggest, is of extreme concern to all people of Canada.

I refer to the present provision in our Income Tax Act whereby the statutory exemptions allow only $1,000 to single persons and

$2,000 to married persons. I have done a little research on this matter. Surprisingly, I find that in 1919 the exemptions, then, were $1,000 for a single person and $2,000 for married persons.

The Income Tax Act in 1919, in its provision dealing with this aspect, read as follows:

> —upon all income exceeding one thousand dollars but not exceeding six thousand dollars in the case of unmarried persons and widows or widowers without dependent children, and persons who are not supporting dependent brothers or sisters under the age of eighteen years, or a dependent parent or parents, grandparent or grandparents, and exceeding two thousand dollars but not exceeding six thousand dollars in the case of all other persons,—

If there ever was an outdated, antiquated law, this is it. Surely we must consider that living costs have increased since 1919, that they have particularly increased over the past number of years. Our present law, I suggest, is ancient history when we take into account the steady increases, year after year, of the cost of living on the one hand and living standards on the other.

It is ridiculous to have on our statute books a law allowing only a $1,000 exemption for single persons and a $2,000 exemption for married persons. That law has been in effect since 1919. Does the government suggest that the 1919 standards are adequate for today? Surely not. This exemption, Mr. Speaker, goes back to the time when a Canadian dollar had real value. That is certainly not the situation today.

• (8:30 p.m.)

As far back as 1956 a distinguished Canadian tax expert, Mr. J. Harvey Parry, a director of the Canadian Tax Foundation, pointed out that a man who was earning $5,000 before the last war had to be making $10,450 in 1956, or his financial position had worsened. That was more than ten years ago, and the situation has changed since then; the difference would be even greater. I would therefore seriously suggest that this exemption be raised. What brings this particularly to my attention is the realization that old age pensioners will receive $1,260 a year when the increase becomes effective. An old age pensioner whose wife is also receiving $1,260 will only be able to claim as a single man. Income from pensions is considered to be taxable income, and the wife's income will be above the amount which is permitted under the present law. The figure is, I believe, $1,250. So an old age pensioner whose wife is also an old age pensioner will have to claim as a single person. I suggest this is most unfair to our pensioners.

This situation was brought to my attention in a letter which I received the other day from a man who this year is celebrating his 100th birthday. This man has lived in Canada for more than 100 years during which time he has contributed to the economy of this country. He happens to live in Prince Edward Island where last year, for nine months of the year, old age pensioners were receiving $100 a month. For the rest of the year they received $75. So this man and his wife each received $1,125 by way of pension. In addition, the man received from his former employer a superannuation allowance of $700. In the course of 100 years he had naturally accummulated a certain amount of savings, which should be to his credit. As a result, he received by way of interest $304 in 1966. So his total taxable income is $2,129. All that this man will be able to claim for his wife is the difference between $1,125 and $1,250. I suggest that this is a hardship and one which should be corrected as quickly as possible.

As a matter of fact I think it would be a very good idea as a centennial project on the part of this government if all those who have reached the age of 100 years were exempted from the payment of tax, irrespective of what their incomes might be. I do not think the Minister of Finance, (Mr. Sharp) would find his budget much affected by such a gesture. I do not think there are many people in Canada today who have reached the age of 100 years, and I doubt very much whether those who have would be contributing heavily in any way to the coffers of the government.

Then again, I believe consideration should be given to raising the exemption allowed single persons to $2,000 at least. In the case of married persons the figure should be at least $3,000. These figures are more realistic than those we have been using since 1919. I am not criticizing any particular government. All governments throughout the years have followed a "stand pat" attitude and refused to increase these exemptions.

I believe we should also take a look at the exemptions allowed in respect of children. Is there anyone in this chamber tonight who can raise a child on $300 a year? The figure is altogether unrealistic. It may be possible during the first three or four years, but I should like anyone to tell me that a child from the age of ten onward does not cost more than $300 to rear and educate. Put this exemption up to a realistic amount; it would not cost the

government too much money and it would be fair to parents.

The next item I should like to discuss concerns the Department of Fisheries. I am sorry the Minister of Fisheries (Mr. Robichaud) is not in his place but I hope that he will somehow find time to scan the matters which I intend to discuss for the next few minutes. On January 31 last the minister issued a press release. It has not yet been put on record, and I think it should be. I will quote from it now, as follows:

> Requests from a large majority of lobster fishermen on the north shore of Prince Edward Island have led to a lobster trap limit of 500 per boat for this year in a portion of district 7B. This covers the area between East Point and North Cape on Prince Edward Island. It will be effective for the season from May 1 to June 30 of this year.
>
> The high limit is set in view of the short notice being given and must be regarded as a first step towards a trap limit in subsequent years which will probably be established at a lower level on the basis of further experience. This is an area where fishermen use an unusually large number of small traps.

The press release went on:

> The Minister also announced a further interim measure on the shore of Prince Edward Island. Operators' licences in this part of district 7B will be issued in 1967 only to those who held such licences in 1966 in that district.

I wish to make it abundantly clear that I am all in favour of this lobster trap limit. I think it is something which has long been overdue and the department is to be congratulated on having introduced it. Many people have the mistaken belief that the fish in the sea, or in the ocean, are inexhaustible in number. This is not the case. It has been proven that some of the most valuable coastal and ocean fisheries are susceptible to decline over the years. This has been recognized by those who are vitally interested in the lobster fishing industry. I quote the following from a report of a meeting which was held not long ago in one of our centres on Prince Edward Island, after a group of fishermen had met to discuss their problems.

> The group unanimously passed a resolution calling on the Department of Fisheries to proceed without delay in setting up machinery necessary to introduce and implement a lobster trap limit and lobster fishing licence restrictions in district 7B.

That is fine. Unfortunately—and I cannot for the life of me understand why—the department did not go all the way. They made this restriction applicable only to a part of district 7B—they made it applicable to the north shore of Prince Edward Island, so that a man who fished in that portion of district 7B and who had put out, say, 1,500 traps would only be able to put out 500 traps. As I say, this is a good thing and it is, I believe what the fishermen want. But that man who fished 1,500 lobster traps last year is going to be able to put out only 500 in the restricted area this year. So he has 1,000 traps sitting on the wharf. What does he do with them? It is only a distance of approximately 12 miles from the north shore to the south shore of P.E.I. The danger to those fishing on the south shore in district 7B is that, the fisherman on the north shore—the restricted area could haul his traps across that 12 miles distance and set them in the waters off the south shore of the island, thereby crowding out those who fished in that portion of district 7B last year.

• (8:40 p.m.)

I do not think the Department of Fisheries would want to do anything to inconvenience seriously the lobster fishermen this year, but if it is not too late I would recommend to the minister that he make all of district 7B a restricted area. Thus a man who did not have a licence last year on the north shore would not be able to get one this year on the south shore. We shall never be able to have this problem successfully resolved until we get lobster trap limits and licensing limits throughout the whole of district 7B, and I hope the minister will give serious consideration to the implementation of such restrictions.

Yesterday in reply to a question I placed on the order paper some time ago, the Minister of Fisheries (Mr. Robichaud) gave an answer which astounded me, an answer which is appalling, an answer which constitutes a complete reneging by the government on a promise it made to the fishermen of my province. This matter dates back to 1964 when regulations were made under the fishing vessels assistance regulations whereby fishermen who constructed small open boats in excess of 35 feet in length were promised a subsidy.

They were told, without any strings attached, that all they had to do to qualify for this subsidy was to construct boats in excess of 35 feet, in the 35 to 45 foot class. Some 95 fishermen in the province of P.E.I. took the government at its word. They constructed these boats—boats which were larger than they ordinarily would have required but which nevertheless they could make good use of; and there was also the question of the subsidy in their minds. They acted in good faith.

This took place in 1965, prior to the election in that year. No specifications were set out at that time. As a matter of fact the provincial fishermen's loan board tried its very best to obtain specifications from the federal Department of Fisheries. First of all the loan board drew up a set of specifications which it submitted to the federal department for approval. No answer came back from the federal department. There was no prior consultation at all with the province of P.E.I. so far as specifications were concerned.

Finally the federal department asked the P.E.I. government, or the fishermen's loan board of the province, to draw up a set of specifications. This its members proceeded to do, as best they could. A committee from the loan board was appointed to prepare the specifications. That committee consisted of provincial departmental officials and representatives of the boat building industry.

On February 16, 1965 the committee's recommendations were forwarded to the federal department in Ottawa. No answer was received. The provincial loan board wrote again to Ottawa on March 9, 1965, asking for acceptance or non-acceptance of its recommendations. At that stage the local fishermen wanted to know if they were going to have to build to certain specifications, and what those specifications were, so that they could get construction under way in order to have the boats in the water by spring.

The P.E.I. government told the federal department at that time that if it did not get an answer the boats would be built as closely as possible to the standards which had been approved by the P.E.I. loan board. Still there was no answer; so naturally the provincial government took it for granted that everything was O.K. and the fishermen went ahead in good faith and built their boats.

Very shortly after the boats were completed and just prior to the November, 1965, election, six of the 95 people who constructed these boats were paid their subsidy. How these six were chosen nobody has been able to determine. Possibly the names were drawn from a hat, but anyway the six were paid without any prior examination of their boats.

Applications were sent in by the other 89 fishermen who built boats, but no money was forthcoming and no answer was received from the department in Ottawa. Over a year ago I placed questions on the order paper in connection with this matter but got evasive answers to every one of them. At that time I was told that the boats were being inspected. I tried to find out on what basis this inspection was to be made, what specifications were being followed by the inspectors. Only yesterday it was revealed that 64 of the 95 applicants had been turned down because their boats did not meet specifications; specifications which the fishermen knew absolutely nothing about at the time the boats were constructed, and which the boat builders themselves knew nothing about.

I say that this is most unfair. These 64 fishermen are not going to stand for it. I earnestly suggest that the minister should take a second look at this situation and pay these 64 men the money which was definitely promised them before they constructed their boats.

In the answer which he gave yesterday the minister said that these vessels which were built must be "of approved experimental design." What is approved experimental design? How in the name of common sense can you build a boat to approved experimental design if there is no design and there are no specifications? Did you ever hear of anything more ridiculous in your life, Mr. Speaker?

The minister also said that they must reflect improvement "over conventional types for the size class." I suggest that if a fishing boat is 40 feet long rather than 28 feet long, this constitutes an improvement.

The minister also said that the vessels must meet provincial construction standards and "Department of Transport regulations in so far as the latter apply," and the vessels are to be registered with the Department of Transport. There is no trouble with that. He also said that the vessels are to be "adequately outfitted and equipped to show sufficient evidence of diversification capability over and above lobster fishing." That is a high sounding phase, if ever there was one; but that kind of language is not going to satisfy the 64 men who are waiting for their cheques from the Department of Fisheries. I want to know when these cheques will be issued. The fishermen did want to know. I suggest to the minister that he is in conscience bound to pay these men. If there is any conscience over there at all, the government will get these cheques out just as quickly as it can.

The government, or federal department, set up an examining board to go around and examine these boats. That board made 107 examinations. The government took a shipwright consultant all the way from Victoria, B.C. to P.E.I. to look at these boats. I suggest it cost almost as much to bring him there as it

would have cost to pay the subsidies to these 64 men. I repeat that the minister should get the cheques out to these men as quickly as possible, because just as sure as I am standing here those 64 fishermen from P.E.I. are not going to put up with this treatment.

• (8:50 p.m.)

Mr. Jack A. Irvine (London): Mr. Speaker, I have been very interested in the number of members who have spoken and the content of some of their messages. I am sure that many good suggestions have been made to those on the government side of the house. I hope many of these are suggestions which perhaps will be incorporated into some future legislation. I did not intend to speak at this particular time, but I feel I should because of something which I believe many of us fear most; that is, an increase in taxation.

As indicated in the mini—or baby, or whatever you might like to call it—budget of December 19, we have an item which was placed before the house which actually blames the senior citizens for the increase in taxation that was applied at that particular time. It is my belief that this taxation was unnecessary, and I should like to give my reasons for this. The increases which we had to make available to these people by way of a supplement were caused by the inflationary tendencies in this country. Many of these people retired many years ago. The value of the dollar on which they retired has diminished considerably today. Had the government kept prices in line, this increase might not have been necessary.

In taking the position I do—although this was recommended in the house—I am not recommending, nor am I in favour of government control over prices and wages. Under certain conditions, however, for a certain short period, it is possible that it might be advisable. This was found to be necessary upon the outbreak of the last war and was implemented, I believe, under the Emergency Powers Act. I think sometimes that if we reflect back on the past year we will realize that we were in a state of very serious emergency in that year. In most cases, these people who are receiving the supplement, are no further ahead than they were three or four years ago. Some of them, who are in the old age bracket, find themselves in the position of having to pay higher taxes. We are supposed to be increasing the taxes in two different areas in order to help these people. It is my submission this is ridiculous; in fact it might even be termed subterfuge.

[Mr. McQuaid.]

In the first place, it was not necessary to raise the taxes. Surely this is the time when we should be carrying on a complete job evaluation program throughout all departments of government so that we might get rid of some of these square pegs in round holes and vice versa. I think a program of this type would be very much worth while. Perhaps we should give some serious consideration to this at the present time.

We should stop this empire building. I should like to say something about empire building, because there has been so much of it in the past. It is not more taxes that are needed; it is more savings. We need to cut and pare all our unnecessary expenditures. If people are not willing to make a contribution of their own, then they just are not interested in the welfare of their country. I wonder how the following suggestion would fit, for size. We might give every employee who earns in excess of $10,000 a year a 10 per cent cut in pay for Christmas. I wonder how it would be if we were to follow this up a little, and even extend it to members of parliament. I do not think there is a member in this house who would object to giving 10 per cent of his money in order to assist the people in the lower income brackets. This is something we could think about; we might even consider including those in the other place.

What we need, Mr. Speaker, is more efficiency and less of this issue concerning increases in taxation. At the present time 14 per cent of every dollar is used to service our public debt. I should like to refer back to the budget of December 19 and quote from page 11334 of *Hansard* where the minister made the following statement:

> In introducing the guaranteed income supplement we are adding $280 million a year to our cash outflow, and this must somehow be matched by increased cash revenues if we are to avoid increasing our cash deficit with all its financial and economic consequences.

There is not a word here about cutting down or paring our unnecessary expenditures. Further down on the same page the minister says:

> The first measure I recommend to the house, therefore, is that we raise the maximum amount payable by an individual on the 4 per cent tax on personal income under the Old Age Security Act, from $120 per year, as it has been for the past three years, to $240 per year.

I do not think anyone objects to that, because it is not the people in the very low income brackets who are being hurt too much; it is the people in the higher income

brackets, and they are the people who should expect to pay. Further on the minister says:

> This would yield about $135 million a year at current income levels. It would be effective from January 1 but since deduction at the source cannot start immediately, relatively little will appear in this fiscal year's accounts.

I contend that it was quite unnecessary to introduce a budget at all at that time because these people who will receive the old age supplement, according to all the information I have, will not receive any of this money until some time late in March. It would have been quite possible to have ended this session, start another one, have the throne speech debate, and bring in a new budget retroactive to January 1. Therefore I say that at the time this budget was introduced—mini or whatever you may wish to call it—it was almost a redundant item.

Further, at page 11336 of *Hansard* the minister had this to say:

> I have come to the conclusion, therefore, that we should obtain the revenue we need by adding 1 per cent to our general sales tax, making it 12 per cent in total, instead of 11 per cent, with two exceptions.

Then he goes on to deal with the exceptions. At page 11337 he says:

> I am also proposing that the increase in the sales tax should not apply to building materials.

He is referring to the 1 per cent. This is a wonderful gesture. The people who are engaged in building houses—something which we are very short of—must have been very pleased with this 1 per cent. Certainly we know there is a very serious housing shortage at the present time. Since the present government came into power our old age security tax has been increased by 33⅓ per cent. It is wonderful to think that they should get credit for having set such a record. It is no wonder the present government is becoming known as a high tax administration, when they increase the amount of money for the old age security tax from 3 per cent to 4 per cent. What will it be in 1968, 5 per cent, 6 per cent? There is a limit to just how much the taxpayer can bear.

• (9:00 p.m.)

Let us refer to another item which has been talked about in this house on many occasions, and I refer to the Carter commission report. We were supposed to have its report a year ago. The minister stated about that time that the had read some parts of the report. The members of this house would like to know what has happened to it. Suggestions have been made that it has not yet been printed in both official languages. My contention is that if it is printed in either English or French it should be made available, and certainly it should have been available last October during the conference between the federal and provincial finance ministers, and treasury officials. It was not available at that meeting. We do not know what the complexities of the tax structure are for the coming year.

Let me now refer to an article which appeared in the *Globe and Mail* recently under the heading "A guide line to trends in 1967". It states in part:

> The direction the economy will take in 1967 can be judged by watching a few of the main indicators:
>
> The level of business capital investment is likely to be the most important single determinant of the trend of the economy during the next year. Investment has increased by about 20 per cent in each of the past three years. Any major fall from this rate of advance, when Ottawa announces its investment forecast early in 1967, would point to an easing in demands for labour, materials and credit.
>
> Housing could play an important role in 1967. The decline in housing starts from 166,000 in 1965 to about 135,000 in 1966, besides moderating demands for labour and materials, has diminished the short-term prospects for sale of household appliances and furniture. An upturn in housing starts would take up some of the slack, if business investment weakens. Early action by Ottawa to increase direct lending would probably indicate the authorities believed the economy needs stimulation.
>
> Weakness in auto sales in both Canada and the United States in 1966 was one of the first hints that the boom might have run its course. Continuation of this trend into 1967 would transmit weakness to a wide range of other industries, such as the steel, glass, paint, and rubber industries. If sales recover, it would help put some bounce back into the economy.

If we do not do something in the way of stimulating building and it drops back again in 1967 the result will be increased rentals of homes, apartments and other types of dwellings. This is turn will cause more inflation.

Let us take a good look at the auto pact. We know of the difficulties being experienced in the Oshawa area at the present time as pointed out by the hon. member for Ontario (Mr. Starr) yesterday. It is hardly feasible that at automobile made in Canada should be sold in the United States for $500 less than the Canadian price. These inequities must be considered. Surely it is our responsibility and duty as members of parliament to look into these matters.

It has been my pleasure to serve on the joint committee on consumer credit and the committee on trade, finance and economic affairs. It has been difficult at times to attend

the meetings of both committees because they often sit at the same time. It has been suggested that the government should establish a department of consumer affairs. I suggest there is such a body now in existence in the committee on consumer credit. It would cost a great deal of money to set up a ministry of this kind. A minister would have to be named along with the deputy and various other officials and staff. Such a ministry would extend outward from Ottawa into various constituencies, creating a local super snooper in each riding.

Surely it is the responsibility of all members of parliament to act as liaison officers between consumer groups and appropriate federal agencies. I suggest this is the procedure which should be followed in respect of consumer credit and prices. Representations should be made by members of parliament, and they in turn should voice these representations at meetings of this joint committee of the Senate and House of Commons.

The establishment of a ministry in respect of consumers would cost millions of dollars each year with no more advantages than now exist as the result of the established joint committee. Members of parliament can always discuss things on friendly terms with the chairmen of committees. Sometimes it is very difficult for members to get satisfaction from ministers or departmental officials.

The committee on consumer credit is doing a good job and is working hard. The members of that committee are already receiving remuneration for their efforts. Let us make this a permanent committee in order that the people can make representations to parliament without having to go through an unnecessary and expensive procedure.

On August 3, 1964, the Leader of the Opposition (Mr. Diefenbaker) was reported as having said that the Dominion Bureau of Statistics reported that there was an increase in employees under government control during March of last year. This increase was set out as follows: in National Defence, 2,181; in the Post Office Department, 2,368; in the National Revenue Department, 2,652; in Public Works, 414, and in the Department of the Secretary of State, 135.

This report also indicated that there was an increase of 629 in the number of employees in the Department of Trade and Commerce, in spite of the fact another department was established. It also indicated an increase in the staff of the unemployment insurance commission. The total of these increases in staff amounted to 9,896. Using an average income for these people of $7,000 per year—and I am sure the average would be higher—this would amount to an additional $70 million. That is an example of exactly what can take place.

• (9:10 p.m.)

Let me say something about training of skilled workers in this country. We have been bringing skilled employees from other countries to fill our needs in Canada. Surely we should give consideration to the training of our own people for specialized jobs. On November 21, 1960 the then minister of labour, the hon. member for Ontario (Mr. Starr), presented a resolution to this house which was followed by a bill stipulating that the federal government should pay 75 per cent of the total cost of constructing educational and vocational training schools in Canada. This program was to be administered provincially, and 25 per cent of the cost was to have been picked up by the provincial government. Based on agreements signed on June 1, 1960, all the provinces of Canada with the exception of Quebec immediately came into this orbit, and I believe they followed suit some six months later.

I have seen the work in these schools. I know in particular the work carried out in the Thames Vocational School in the city of London, which I have visited on many occasions. They cater to people who do not have the academic ability to go further than this type of training. They teach people in machine shop work, as mechanics, and various vocations of this type. I know many people who have been trained at this school and have gone out and filled their place in society. If we do not do something for them, I am sure that sooner or later we will have to contribute to their welfare by way of social security programs, which of course shatters their confidence in themselves and do not improve their ability to work in any field.

We have in our area the Sir Wilfrid Laurier school. I am very proud of the fact that I had not only the privilege of opening this school but of presenting a picture of Sir Wilfrid Laurier to the students. I was proud to do this because I recognize this man as one of the outstanding Canadian statesmen of all time. It was a pleasure to have the privilege of making this presentation. A third school is in the process of construction at the present time. However, Mr. Speaker, I submit that we need more of these schools. From June 1, 1961, to September 30, 1966, there were 814 of

this type of school, classrooms or additions constructed in Canada at a total cost of $1,250,000,000, with a student capacity of approximately 380,000 for vocational and training.

I submit that we have a large group of people, and always will have, who require this type of training and we should continue this plan. I was very much dismayed when on October 26 last the Prime Minister (Mr. Pearson) made the statement in this house that his government was phasing out this program. I am sure we will rue that day. I am also sure we will have to come back to this program in four, five or ten years time. I ask what is to happen in the interval with respect to that group of people who do not receive this kind of training. Will they become charges upon their municipalities? Will they become victims of our society, having to receive support from some of our social welfare programs?

If this program is to be carried on in any way after the federal government opts out of it or phases it out, the whole burden of the cost will have to be carried by the municipalities; and they cannot afford this sort of thing because they are already overtaxed. We need these facilities to train workers in order to increase our productivity and meet the growing demands of what we might call an affluent society. By increasing productivity we can in some way help to relieve the inflationary pressures which now exist.

Let us turn to the university level. Let us think in terms of the medicare bill which passed recently and will become operative July 1, 1968. I would ask the government this pertinent question: Where will we obtain sufficient doctors to make this plan work? I did a little checking on this matter with the University of Western Ontario and with the hon. member for Simcoe East (Mr. Rynard) to ascertain whether my figures were correct. In Canada at the present time we have one medical practitioner for approximately 900 persons. In the United States they have one medical practitioner for every 700 persons. We graduate annually about 800 medical practitioners, but the drain-off to the United States is approximately 200, or 25 per cent. However, in recent years this drain-off has been compensated by the immigration of doctors, mostly from England, to the extent of about 400 per year.

In the past, if a person had a cut on his little finger he put a piece of tape on the cut and suffered the discomfort. However, Mr. Speaker, when you have a medicare plan I think it is only natural that people will request further treatment. To cope with this demand we will need many more doctors. We will also need more teaching facilities in our universities to produce more doctors. The opinion I received from the medical school was that out of 100 doctors who graduate there is one person who is qualified as having the ability and desire to impart knowledge by teaching. Then we get into the area of being short of teachers in a profession that will be overworked. Something must be done by way of providing aid and incentive to keep doctors in Canada. I do not know what can be done in this respect, but I am sure the Minister of National Health and Welfare (Mr. MacEachen)—I am sorry he is not in the chamber this evening—is giving this question serious thought, because it has become a very serious problem.

Another question that arises is as to how we will be able to increase the number of hospital beds available to those in need? We need a continuance of the program for technical and vocational training. We need a continuance of and a great expansion in university facilities to provide this training. Some two or three weeks ago—and I recognize the fact that the minister is a very busy man—I made representations by mail to the Minister of Finance (Mr. Sharp) asking that I might have an audience with him to discuss this very subject. As yet I have not had an audience with him. I am sure that when he has an opportunity he will discuss this matter with me, because I have found him to be a very understanding person every time I have had the occasion to approach him with a problem.

If we are to expand our university training facilities we shall have to increase the 10 per cent ceiling on charitable donations if they are for the purpose of expanding the facilities in our universities. We shall have to increase it from 10 per cent to 25 per cent, because if we do not obtain the money in this way to provide these facilities we will have to obtain it in some other way. We must provide this extra university training before we can make the medicare plan work—and it must work.

I hope the Minister of Finance and the Minister of National Revenue will get together and give this question some very serious thought before the preparation of the 1967 budget. I think now, in our centennial year, is the time for every person in the house and in the country to be proud to call themselves Canadians, and I am sure they are. I believe it is time we got down to business. I believe it

is time we obtained a little business acumen in government affairs. I know it has been said that you cannot run a government like a business because it is not exactly the same thing; but you can incorporate many business ideas into government, and I am sure if we did this it would be very helpful.

Let us cut and pare, particularly when dealing with the estimates for the coming fiscal year, every unnecessary expenditure. Let us get on with the job evaluation program. Let us get down to the basics of running this as we would run a business, and let it be resolved that we save, not waste, and that we do everything we can to stop this incessant empire building. When the estimates come before us in the next fiscal year I think we should be really tough.

• (9:20 p.m.)

There is one other item with which I should like to deal very briefly. I received a letter dated yesterday from a person in my riding who will have to remain anonymous, and who wrote:

> I believe some time ago you brought the question before the house and Mr. Pearson stated that there were no funds available for any increase in retired civil servants' pensions.

Then he says that if they could only get a $10 or $15 a month increase it would be a big help, even if it were given on a means test. He encloses in his letter a clipping out of the London *Free Press* of February 7, 1967. It reads as follows:

> The pension fund of the federal civil service had a balance of $2,390,383,091 last year and is drawing more in interest than it pays out in retirement benefits.
>
> In the fiscal year ending last March 31, interest amounted to $89,499,085 and benefits to $69,906,914. The previous year's interest was $78,715,785 and benefits $64,160,629.

In view of the fact that the money is there, that these people have paid it in, and that many of them have retired, five, 10 or 15 years ago, some of them on a pension of $50 a month, I think that this should be reviewed right away. The money belongs to these people and I think that this should be re-assessed.

Thank you, Mr. Speaker.

Mr. Walker: May I ask the hon. member a question?

The Deputy Speaker: Order, please. The time allotted to the hon. member has expired.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I would like to say a few words on a matter which is often spoken about in the house but which perhaps requires action rather than words. I should like to speak of education and educational expenses, although in a purely constitutional sense as it affects this house, instead of wasting my time on dreams which do not take into consideration the present constitutional realities in Canada.

The proposition I wish to put forward has to do with the income tax. I think it has a great deal to recommend it, particularly the factor of simplicity. At the present time the government of Canada allows students attending universities and institutions beyond the secondary school level to deduct from their income tax the money they pay out in tuition. This is fine as far as it goes and it certainly has been of assistance to a great many Canadians, particularly people like myself who have found that because of this exemption in one year they were able to continue their education in another year when they were particularly short of funds.

The suggestion which I should like to make is that the government should allow students from areas where there are no universities to deduct from their income tax, or that of their parents, the money that they have to spend for room and board. As an example I should like to refer to myself, when I was attending the University of Manitoba. I lived in a town called Atikokan but I attended the university in Winnipeg. I had to pay room and board, and this was the biggest single expense that I had to bear; the tuition fees were a secondary matter. I understand that nowadays tuition fees have gone up considerably, and now they have become a bigger obstacle for people coming from rural areas and wishing to attend universities in the city.

I suggest that under such a program people who live in a city where a university is available should not be exempted, because they have already the option of either staying at home or not. A student coming from an area like mine has no option at all. He must pay room and board if he wishes to attend a university because there are no universities in these areas. Another factor to their disadvantage is that the standard of living in these areas is below that which is in existence in cities. Also the standard of education is not as high, and other facilities such as night schools, correspondence courses or extension courses are not as easily available, if at all. Therefore this is a very important consideration.

In view of the fact that job opportunities for students during the summer months are diminishing as the number of students attending

universities increases, students who wish to work their way through college are less often able to do so. In fact for many students this opportunity has disappeared completely.

The second suggestion which I should like to make has to do with federal aid to universities. I recognize, as do most hon. members in the house, that university education is a matter of provincial responsibility. I understand also that the federal government does participate in certain aspects of education, namely in manpower training. However, it does so mainly because of its overriding responsibility for unemployment, and not because it can participate legitimately in education. And yet this happens to come under federal jurisdiction. Nevertheless there are other areas in which the federal government does have responsibility. For example there is the area of the federal government's control over interprovincial truck transportation. Provincial trucking agencies are the responsibility of the provinces, but interprovincial trucking agencies come under the jurisdiction of the federal government.

One of the problems that is facing Canadian universities today is the fact that more students are crossing provincial boundaries to attend university. I am a perfect example of this. I was raised in Ontario and I attended university in Manitoba. It seems to me that just as the federal government has legitimately exerted its jurisdiction in interprovincial trucking, it can also exercise a certain amount of jurisdiction over students who are crossing provincial boundaries to attend universities on the other side. I suggest that the government provide capital funds to universities in which a certain proportion of students come either from outside the country or from other provinces. It should also redeem its promise to provide 10,000 scholarships and to award them to students who attend universities outside their province. It seems to me that this would avoid the constitutional confusion which exists at present, and which prevents the government from assisting in this particular problem. I do not think this would impose a greater burden on the universities and it would provide capital funds for a number of institutions.

I am not suggesting that the government do more than it does at present. As a matter of fact the Department of Indian Affairs and Norther Development does provide capital grants to municipal schools to make available a certain number of places for the education of Indians. All I am proposing is something that is in existence already and that is being done in a very successful way. I think that the government might take these two suggestions under consideration as their 1967 centennial project.

Mr. Clancy: May I say to the hon. member who just sat down that I congratulate his father for sending him to university and that I also send him my regrets for the fact that he had to do so.

Mr. Eric A. Winkler (Grey-Bruce): I thank the Minister of Transport for applauding. I also try to give him as much support as I can.

I regret that the time given me is so short. If I had more time I would have been able to conclude the subject matter before me. However, I am apt to break my train of thought because of the restrictions imposed on me by the shortage of time.

• (9:30 p.m.)

I know that if the minister were in the house he would say that there is another member of the opposition who is trying to tell him how to spend money. The government endeavoured to curtail debate when we were discussing estimates, but in such a debate as this one has an opportunity to advise the government how to spend the funds that are available through taxation.

Tonight, because this is our centennial year and because a certain situation was brought to my attention not too many days ago, I should like to place this matter before the house and the country. This is National Heart Foundation week and I think this matter is an appropriate subject for debate. A few evenings ago the Minister of National Health and Welfare (Mr. MacEachen) was singing his own praises in regard to the medicare program and the benefits which will flow to Canadians. At one point in his address, when dealing with the question of facilities, and so on, the minister said:

> But whether we have medicare or not, we will never have a sufficient supply of personnel and facilities.

This matter was brought to my attention, Mr. Speaker, through a program on the C.B.C. directed by a Mr. Bob Cohen of the press gallery. I found the program very topical and I should like to read an extract from the script in order to put my thoughts on the record:

> Canada's medical researchers have just gone through their annual week of meetings.

These were held at the Chateau Laurier here in Ottawa.

But these seemed to be sessions with a different flavour. Canada's medical scientists are getting more and more anxious about the federal government's lack of support of their research. Last year at this time the government was handed the now-famous Gundy report on medical research in Canada. Charles Gundy is a Toronto financier and chairman of the Hospital for Sick Children. The report said there would be no staff for Canadian medical schools unless the government gave more money for research done by teacher-scientists.

This is the nub of the matter, Mr. Speaker. I believe the teacher-scientist problem is the great one.

Without it, the report suggested, the professional people needed to staff Canada's medical schools would not be attracted to either stay in Canada or come here.

Well, one year later, virtually nothing has happened. The government has expressed sympathy with the researchers' needs. But as one doctor said, "We don't want sympathy, we want firm government policy." Sometimes governments need a bit of a push from outside to establish policy.

I know that this body does not want to become a political pressure group, but I recognize their need. Then the script goes on to point out that the Canadian Association for the Advancement of Health Sciences was established in order to impress upon the government the need in this particular field.

In our centennial year, Mr. Speaker, one of the great things that can be done by Canada is to establish such a program in order to eliminate disease in the world through the means of increased research and scientific development. This would be a lasting monument in this year of celebration that is before us. The government has in many other ways seen fit to spend large sums of money, with which expenditure perhaps I do not disagree. On the other hand, we have commissions and boards spending millions of dollars of the taxpayers' money on projects which are not necessarily what the people of Canada want. They are forced upon the people by the government at a time when a massive, centennial project such as this would be a good and lasting monument throughout the world in this great year of ours.

I shall have to skip a lot of this text, Mr. Speaker, but I should like to bring to the attention of the house and the country one development which has arisen from this meeting of researchers. I should like to draw attention to an invention by a young medical doctor and researcher whom I have known very slightly during the last few years. The text goes on:

The most exciting research news to come out of the meeting concerns a unique heart operation which promises to be eventually an outstanding procedure for curing the possibly fatal effects of heart attack. It was invented by Dr. Ray Heimbecker, a 43-year-old Toronto surgeon. His research work on the procedure earned him this year's royal college medal in surgery.

This young man, who fortunately had the facilities and the wherewithal to follow up his important work, is making a contribution to Canada and to mankind that cannot be overlooked by the members of this house and by all Canadians. I know that the whole world will benefit from this young man's efforts, and I also know he will also have that satisfaction which comes from hard and earnest endeavour in his chosen profession.

I have before me a letter from the Canadian Heart Foundation which is addressed to the Minister of Finance (Mr. Sharp) and reads as follows:

The provisional committee of the Canadian Association for the Advancement of the Health Sciences is alarmed at the disastrous consequences that would flow from any restraint, even temporary, on the growth of research in Canada. More particularly, we draw your attention to the need to recruit over one thousand teacher-scientists—

Again there is stress upon the teacher-scientist aspect of the profession.

—in the health field to staff our universities in the next five years. Research is essential to the recruitment of this personnel.

We reaffirm the recommendations of the Gundy report as necessary to change the climate of medical research in Canada and urge the government to give an early indication of its long term plans for a drive for medical manpower.

In view of the fact that we are celebrating Heart Foundation Week and that this problem has been with us for some time, I think we should expect some announcement of massive assistance in this as well as in related fields.

Also on the same subject, Mr. Speaker, I should like to read a letter written to the Prime Minister (Mr. Pearson) written by Charles L . Gundy as follows:

The governments in Canada have made it evident that they wish to maintain a first class health care service. It is recognized that to achieve this there must be suitable facilities for medical research and education.

The accompanying report—

Mr. Côté (Longueuil): Hurry up.

Mr. Winkler: May I have that again?

Mr. Côté (Longueuil): I said, hurry up.

Mr. Winkler: I do not have sufficient time to permit me to say all I should on this matter, but I will do my best.

The accompanying report, "Medical Research in Canada", examines in detail the vital role of medical research in attaining the highest possible standards in the fields of medical education, health care and health services.

The report considers it urgent to establish a favourable medical research environment in Canada which will encourage teacher-scientists—

Once more stress is placed on this teacher-scientist aspect of the question.

—to remain in Canada and in teaching and research, which will attract back to Canadian universities—

There has been a tremendous flow of these people out of this country.

—teacher-scientists and graduates now working elsewhere for lack of opportunity in Canada, and which will encourage undergraduates to pursue medical research as a career.

The report states that a failure to establish such an environment in Canada will result in erosion of the standards of Canadian medical schools and the quality of health care provided to the Canadian people.

To establish a favourable medical research environment, the report recommends a major increase in federal government support—

Which is what I am asking for, Mr. Speaker—

—of extramural medical research. Such financial support should be accompanied by a federal government policy statement to assure scientists and potential scientists that there is, and will continue to be, a good future for medical research in this country.

The idea for this report originated in conversations with scientific friends, particularly among the Canadian Society for Clinical Investigation and the staff of The Hospital for Sick Children, Toronto. These friends told me of their alarm at the shortage of funds for medical research in Canada and the seriousness of the threat this held for the future of medical standards. Accordingly, Woods, Gordon & Co., management consultants, was commissioned to prepare a study of the problem which led to the report we are now presenting to you.

A list of those endorsing this report is attached—

—and so on.

This report is one of the most comprehensive reports that one could ever read, Mr. Speaker. I contains the material to prove that there is a need and it illustrates what is happening. In this regard I have an editorial in front of me which points out that the $500 million established by the government in the health resources fund is insufficient, that we need a minimum of $100 million a year. The grants the government has been supplying up to the tune of $12 million a year I am sure the house realizes are quite inadequate to meet requirements. These amounts are minimal. The stress, as I have said, is upon preparing medical students with ability for the teacher-scientist field.

• (9:40 p.m.)

This is a priority. The priority should be for medical research and education, as stated by Dr. Merriman, Associate Professor of Medicine in Saskatchewan. When we realize what we spend per capita for this purpose in Canada and compare it with what is being spent in the United States, we realize something lacks in our thinking in this field. They spend in the United States more than 100 per cent more than we spend in Canada—far more. Last year in the United States, from one source alone, the sum raised was $1,072 million. When we realize how much we depend on foreign medical services, on immigrants from other countries, also bearing in mind that we lose as many people to the United States as any other country loses, something should be done. Nothing would be more fitting for our centennial year than a government supported program such as I have talked about. Every member of the house would support it enthusiastically.

I have time to read one short extract from the Gundy report to show the status of research in Canada. Actually, the report covers the entire field. The quotation is as follows:

Research is today an absolutely essential element in the preparation of young doctors and in the continuing education of established physicians. A medical school can no longer prepare a doctor with the detailed procedures for diagnosis which he will need throughout his later career. The whole art is changing much too fast... medical schools must concentrate on imparting a broad grasp of the basic principles of medicine, and skill in applying these general principles to specific cases. Above all, they must help their students to understand how medical investigation produces new knowledge and how one evaluates the new findings as they appear. This means in turn that most students in good medical schools today must learn the research attitude, even though a majority of them may never become full-fledged research workers themselves.

Brief as that was, lacking in detail as it is, and I wish it had more detail—I am glad that the Minister of National Health and Welfare has just walked in—the extract does permit me to say this. The best centennial project the government of Canada could embark upon would be a massive program in support of research. We need teachers and facilities. I believe that such a program would be the best dedication we could make to our centennial year. It would be to the benefit of all mankind.

Division

Mr. Deputy Speaker: Order, please. It being 9.45 o'clock p.m., it is my duty pursuant to section 5 of standing order 58 to interrupt these proceedings and forthwith put the question on any amendment before the house.

The house divided on the amendment (Mr. Monteith) which was negatived on the following division:

YEAS

Messrs:

Aiken
Alkenbrack
Allard
Baldwin
Ballard
Barnett
Beaulieu
Bell (Saint-John-Albert)
Bower
Brand
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Chatterton
Churchill
Clancy
Coates
Code
Crouse
Diefenbaker
Dinsdale
Dionne
Douglas
Fairweather
Fane
Fawcett
Forrestall
Gilbert
Harkness
Herridge
Horner (The Battlefords)
Howe (Wellington-Huron
Irvine
Keays
Kennedy
Knowles
Korchinski
Laprise
Latulippe
Loney
MacDonald (Prince)
MacEwan
MacInnis (Cape Breton South)
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
MacRae
McCleave
McCutcheon
McIntosh
McLelland
McQuaid
Mandziuk
Mather
Monteith
More
Muir (Cape Breton North and Victoria)
Nasserden
Nesbitt
Nugent
Orlikow
Pascoe
Patterson
Régimbal
Rynard
Scott (Victoria (Ont.))
Sherman
Simard
Simpson
Skoreyko
Southam
Starr
Thompson
Webb
Winch
Winkler—75.

NAYS

Messrs:

Allmand
Andras
Badanai
Basford
Batten
Béchard
Beer
Blouin
Boulanger
Brown
Byrne
Cadieux (Terrebonne)
Cantin
Cardin
Cashin
Chatwood
Chrétien
Côté (Dorchester)
Côté (Longueuil)
Davis
Deachman
Drury
Dubé
Émard
Ethier
Faulkner
Favreau
Forest
Foy
Gordon
Gray
Greene
Groos
Habel
Haidasz
Harley
Hellyer
Honey
Hymmen
Isabelle
Lachance
Laflamme
Laing
Lamontagne
Langlois (Chicoutimi)
Laniel
LeBlanc (Rimouski)
Legault
Lessard
Loiselle
Macaluso
Macdonald (Rosedale)
MacEachen
Mackasey
McIlraith
McLean (Charlotte)
McNulty
McWilliam
Marchand
Matte
Morison
Munro
Nixon
Orange
Pelletier
Pennell
Pepin
Pickersgill
Pilon
Prud'homme
Reid
Richard
Rinfret
Rochon
Rock
Roxburgh
Ryan
Sharp
Stanbury
Tardif
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Winters—87.

[Mr. Winkler.]

Mr. Speaker: I declare the amendment lost.

Mr. Fulton: Mr. Speaker, I was paired with the Minister of Labour (Mr. Nicholson). Had I voted I would have voted for the amendment.

Mr. Stewart: Mr. Speaker, I was paired with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). Had I voted, I would have voted against the amendment.

Mr. Cameron (High Park): Mr. Speaker, I was paired with the hon. member for Melville (Mr. Ormiston). Had I voted, I would have voted against the amendment.

Mr. Grafftey: Mr. Speaker, I was paired with the Minister of National Revenue (Mr. Benson). Had I voted I would have voted for the amendment.

Mrs. Wadds: Mr. Speaker, I was paired with the hon. member for Niagara Falls (Miss LaMarsh). Had I voted, I would have voted for the amendment.

Mr. Herridge: Mr. Speaker, I wish to move the adjournment of this debate.

Mr. Speaker: It being after ten o'clock—

Some hon. Members: Question.

Mr. Speaker: Is it the wish of the house that the question be placed on the main motion?

Mr. Herridge: Mr. Speaker, I wish to move the adjournment of this debate.

• (10:10 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

CRIMINAL CODE—POSSIBLE AMENDMENT RESPECTING ELECTRONIC LISTENING DEVICES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, some days ago the Attorney General of the Province of Ontario, Mr. Wishart, made a statement in the Ontario legislature to the effect that Ontario Provincial Police were using wire-tapping equipment for investigation purposes. I asked the Minister of Justice (Mr. Cardin) the following day whether or not the government was giving consideration to the implementation of legislation in this regard. I also asked whether the government would agree to send this whole matter to the standing committee on justice and legal affairs for study. The minister stated that he felt no useful purpose would be served by such referral.

I believe it was Mr. Justice Holmes, that famous United States Supreme Court Justice, who said that wire-tapping is a dirty business. We as Canadians in the past have tended to think if we simply ignore problems, if we do not talk about them and do not admit their existence they will somehow or another go away. Unfortunately it has become obvious in recent years that wire-tapping is taking place in Canada extensively, and police forces as well as private investigation agencies are involved.

A royal commission at the present time is investigating charges of wire-tapping in British Columbia. During the course of the hearings of that commission an R.C.M.P. corporal is reported in the Vancouver *Sun* of December 7, 1966, as having used this method of investigation. That article in part states:

> Richards said he had used listening devices during his 15 years with the R.C.M.P.
>
> He said he had done a two-week course in Ottawa on operating tape recorders with listening devices and was familiar with equipment which does not need wires.
>
> Richards said he has used listening devices in the city of Vancouver on instructions from a higher authority.

An alderman of the city of Saskatoon said that in 1965 he discovered that on the instructions of the chief of police the only telephone available to prisoners in the city jail had been tapped so that police could listen in to phone calls made by prisoners who were awaiting sentence or transfer, or individuals who were in jail but not yet tried. Let me point out that telephone calls of prisoners to their lawyers are highly confidential, and under our law should not be listened to by police.

In 1964 a Toronto *Star* columnist, Ron Haggart, documented a case of wire-tapping in the city of Toronto. In his column he referred to the name of the officer, the licence number of the R.C.M.P. vehicle used and other pertinent facts.

Bell Telephone officials in the city of Toronto who were interviewed by the *Globe and Mail* admitted that wire-tapping was taking place, and said it was being done by police officials. It is understood that when it is done by police officials prosecutions were not being pursued.

Members of this house have heard a great deal about the Dorion inquiry. Testimony was given before that inquiry by R.C.M.P. officials that they had wire-tapping equipment and were prepared to use it. Let me quote from page 4815 of the transcript of the Dorion commission. An R.C.M.P. officer, Inspector Carrier, was asked the following question:

> Mr. Carrier, do you presently have at your disposal, or did you at that time have, that is to say, did you have at your disposal the necessary technical means to tape, amongst other things, telephone conversations?

The answer was, "Yes." Then at page 4816 Mr. Carrier was asked this question:

> Mr. Carrier, does the word "cover", in your mind, simply mean that Mr. Crevier was to sit beside another telephone and listen to the conversation, or could it not also have meant tape the ongoing conversation?
>
> A. It could mean either, either to listen or to record it.

Therefore, it seems to me there is no question that the evidence is conclusive that wire-tapping is going on. Newspapers from one end of Canada to the other have written editorials in recent years deploring wire-tapping and calling for legislation to outlaw it. I will not quote them tonight, but I would like to quote a couple of paragraphs from a submission made to the royal commission on civil rights appointed by the Ontario government. The Canadian Civil Liberties Association, an organization in Toronto which includes some

of the most respected and best known lawyers in the city of Toronto, made a submission to Mr. Justice McRuer. This association said, under the heading, "The Existing Law":

Amazingly enough, there appears to be no legislation of any practical consequence which inhibits scientific invasions of privacy in this jurisdiction. The Criminal Code contains no specific provisions of this nature.

Mr. Speaker: Order, please. I regret that I have to interrupt the hon. member, but his time has expired.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, in spite of the quotations the hon. member has just put on the record I cannot give any more specific answer than the one I gave the other day, to the effect that I did not think it would be useful to have this matter referred to a parliamentary committee. The reason is that the whole question of wire-tapping is being studied, not only by the department but by a commission of inquiry in British Columbia, and will no doubt also be part of the study made by a commission on crime.

The hon. member referred to wire-tapping as a "dirty business." I would prefer to refer to it as a very difficult problem. I think no one would contradict the stand taken by the hon. member in connection with the protection of civil rights, the independence of individuals and the right to carry on conversations without being overheard. However, I think the hon. member will also realize that an important aspect of our life is the prevention of crime, and national security.

This is one of the problems that government has to resolve. It is a two-edged sword and the question of wire-tapping is not an easy problem to resolve. Wire-tapping is only incidental to a whole series of electronic devices in this area. I feel it is not something with regard to which a decision can be easily or lightly reached.

• (10:20 p.m.)

I believe that the study which will be undertaken in British Columbia will be useful to us. The studies which are now going on in the department as a result of the suggestions made during the meeting of attorneys-general a year ago have also been very useful. However I think the hon. member for Winnipeg North will appreciate fully the difficulties involved and the necessity for coming up with a solution which will in fact bring protection to honest citizens and at the same time permit the government to prevent crime and to protect our national security. This is what we are trying to do.

[Mr. Orlikow.]

CANADIAN CENTENNIAL—FAILURE OF ARMED FORCES TATTOO TO APPEAR IN KOOTENAYS

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I represent a riding which is very interested in celebrating our centennial year both by public events and by projects that have been carried on, even in some of the quite small communities. Quite recently they heard through the press, on television and on radio, about the proposals for the tattoo train which will be visiting various parts of Canada in the near future. The matter was brought to a head by persons who read the magazine "The Legionary" which is read by about 10,000 people in my riding. I want to quote from this magazine for the minister's information. It reads in part as follows:

The Canadian armed forces will play a large part in Canada's centennial celebrations by taking one of the greatest road shows in Canada's history across the nation.

From St. John's, Newfoundland, to Victoria, British Columbia, Canadians will have the opportunity of seeing the Canadian armed forces tattoo which will be the principal contribution of the services to Canada's centennial celebrations. This colourful spectacle will provide the ultimate in military entertainment within the framework of the development of Canada's armed forces from their French and British origins to our time.

Scheduled to appear at 40 locations across Canada during 1967, the tattoo will feature music, pageantry, colour-sweeping spotlights, history, action, comedy, fantasy and variety to provide entertainment, while at the same time making use of a subtle historical line to link the various scenes.

This was read by a number of people and then the matter was discussed at various meetings of the Legion and of other organizations in my constituency.

I should like to quote a letter which I received from J. C. Hall, president, Pacific Command, Royal Canadian Legion, who happens to be a resident of Trail. It reads as follows:

Dear Mr. Herridge:

It has been brought to my attention that the Centennial armed forces train which will be travelling across Canada and performing a tattoo at various locations, will not be stopping over in either the East or West Kootenays.

A number of veterans and other citizens have brought this to my attention hoping that the government can be persuaded to have either one or the other section of the trains make a stop in the Kootenays.

As you are aware, the Centennial train itself, is making a short stop of one day in Castlegar, which is considered by the commission to be a central location for some 67,000 residents in this area.

This particular location will involve the transportation of thousands of school children a distance over mountain highways of up to 100 miles in order for them to enjoy the Centennial train, which their parents, as taxpayers have contributed to.

In view of the fact, that we have been informed that no change in arrangements for the Centennial trains schedule can be made at this late date, I hope you can convince the government to take a second look at the schedule for the tattoo train to bring it into the Kootenays.

As a result of that letter and of other correspondence which I received from various persons in Kootenay West I asked the following question in the house on February 6:

I wish to address a question to the Minister of National Defence based on representations from Kootenay West and Kootenay East. Can the minister inform the house why the Canadian armed forces tattoo "Red Train" will not appear in any place in the Kootenays, British Columbia, during centennial year?

At that time, Mr. Speaker, you kindly informed me that this was not the type of question which should be asked at that time. I am therefore taking this opportunity to bring this matter to the attention of the Associate Minister of National Defence and I shall listen with interest to his reply to my plea.

Hon. Leo Cadieux (Associate Minister of National Defence): Mr. Speaker, the tattoo itinerary was planned with a great deal of care, bearing in mind that it was intended to take the spectacle to as wide a cross section of the populace as possible. However, from the outset this planning was dominated by a series of rigid criteria, the more significant ones being as follows:

First, the availability of indoor performance facilities from one end of the country to the other at a time of year when arenas were still normally involved with various hockey schedules.

Second, certain anchor dates requiring the tattoo to be in given locations at specified times of year; for example, Expo '67, the C.N.E., and Ottawa as the federal capital.

Third, a mandatory release date for the trains, since the railways required much of the rolling stock used by the tattoo for other purposes before the end of June, 1967.

Fourth, recognition of the fact that, whilst revenue from the tattoo was not necessarily the guiding principle in selecting out of the way performance centres, costs had to be kept continually in mind and responsible judgments reached on the areas in which it would not be economically feasible to appear.

Add to these criteria the fact that there was little more than a six-month period within which to complete the entire project and it will be readily appreciated that there were many deserving areas in which the tattoo could not be presented. The Kootenays happens to be one of these places.

In planning tattoo appearances with the province of British Columbia, Victoria and Vancouver were naturally chosen. Prince George and Kelowna were selected as two additional locations, but only after such factors as time, communications, performance facilities and their availability, geographical situation, and population had been carefully considered. Early in the planning phase these choices were submitted to and approved by the British Columbia centennial committee, which recognized the factors influencing the selection.

The itinerary was therefore approved. It is not considered possible at this time to re-examine the question without jeopardizing the whole program. At the same time, Mr. Speaker, I wish to inform the hon. member that this matter will again be referred to the officials, and if I am given any encouragement I will certainly communicate with the hon. member. I will try to do my best to see whether we can accommodate the Kootenays.

Motion agreed to and the house adjourned at 10.29 p.m.

HOUSE OF COMMONS

Friday, February 10, 1967

The house met at 11 a.m.

HATE LITERATURE

ESTABLISHMENT OF JOINT COMMITTEE TO CONSIDER CRIMINAL CODE AMENDMENTS

On the order: Government notice of motion:

February 8—The Minister of Public Works—The following proposed motion:—That this house do unite with the Senate in the appointment of a special joint committee to study and report upon amendments to the Criminal Code relating to the dissemination of varieties of "hate propaganda" in Canada as set out in Bill S-49, intituled: "An Act to amend the Criminal Code";

That 12 members of the House of Commons, to be designated by this house at a later date, be members of the said committee; and that standing order 67(1) be suspended in relation thereto;

That the committee have the power to call for persons, papers and records, to examine witnesses, to report from time to time, and to print such papers and evidence from day to day as may be ordered by the committee; and

That a message be sent to the Senate informing that house that the House of Commons do unite with the Senate for the above purposes.

Mr. Speaker: Pursuant to section 2 of standing order 21, this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

EXTERNAL AFFAIRS

REFERENCE OF DEPARTMENTAL REPORT TO STANDING COMMITTEE

On the order: Government notice of motion:

February 8—Minister of Public Works—The following proposed motion:—That the report of the Department of External Affairs tabled on January 28, 1966, be referred to the standing committee on external affairs.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the house.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO APPOINTMENTS TO FILL VACANCIES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, yesterday I asked the Prime Minister a question in regard to the vice president of the C.B.C., and his answer read in part, as recorded at page 12829 of *Hansard:*

The vice president resigned the other day. Steps are being taken with a view to filling that particular post. I believe these matters were being considered last night at a meeting of the board of directors.

Is the Prime Minister in a position to add anything further to the answer he gave yesterday?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I understand that the management of the C.B.C. and the board of directors are taking steps by readjustment of duties within the corporation to fill the vacant position.

Mr. Diefenbaker: Well, is it not a fact that the vice president is appointed by the governor in council, and that the board of directors have nothing to say with respect thereto? Also, Mr. Speaker, when the Prime Minister is answering will he inform the house whether he expressed himself to this effect regarding the president a few days ago, as stated in one of today's newspapers, that "we have stopped looking for a president for we have found one." Is that statement correct? Has the voyage of discovery for a president of the C.B.C. been consummated with success?

Mr. Pearson: Mr. Speaker, I do not know where the right hon. gentleman got that statement or what he is quoting from, or indeed whether it is a quotation, but if it is a quotation it is entirely false.

Mr. Diefenbaker: False? Fine.

[*Later:*]

Mr. Diefenbaker: Mr. Speaker, a moment ago the Prime Minister cast some doubt on a quotation I gave. I did not have it before me

at that time. Now I should like to draw it to his attention and ask the question again. It appears in the *Globe and Mail* of today's date. The quotation is as follows:

Rumours persist that Mayor Moore will be asked to take one of the two top posts—

Mr. Speaker: Order, please. I hesitate to interrupt the right hon. gentleman, but he knows there is a rule which I try to enforce that questions shall not be prefaced by the reading of telegrams and newspaper articles. There also is a rule that a member should not ask for confirmation of the accuracy of a press statement. I am sure the hon. gentleman can find some way in which to ask the question without infringing the two rules I have mentioned.

Mr. Diefenbaker: It is far removed from my thinking that I would do anything like that. If the Prime Minister doubts the quotation I suggest that he read the front page of the supplement. I should like to ask him this question. Did he say to a group of Canadian international affairs scholars at a private session last week:

We have stopped looking for a president. We have found one.

Mr. Speaker: Order, please.

Mr. Pearson: No, Mr. Speaker; it is still unfounded. I might add that there are some strange rumours appearing in the *Globe and Mail* these days.

Mr. Diefenbaker: I am surprised that you bite the hand that feeds you.

REQUEST FOR EXTENSION OF TELEVISION SERVICE IN KOOTENAY WEST

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State. In view of the recommendation of the Board of Broadcast Governors that the C.B.C. television network should be extended to the Northwest Territories and to three points in western Newfoundland, would the minister mind informing the C.B.C. that residents in certain considerable areas of Kootenay West are also looking forward to enjoying C.B.C. television services?

Mr. Speaker: The hon. member is submitting a representation. That is not a question.

[Mr. Diefenbaker.]

TRADE

MIDDLE EAST—REPORTED BOYCOTT OF CANADIAN EXPORTS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. What is the government doing in regard to the boycott of certain Canadian exports to the Middle East, which is reported to have been precipitated by actions of the Arab countries?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the best I can do is take this question as notice. I have not heard of this specific instance.

FINANCE

DIVIDEND PAYMENTS BY CANADIAN SUBSIDIARIES OF U.S. COMPANIES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Is it a fact that wholly owned subsidiaries of United States firms in Canada have increased payment of dividends to their parent companies in the United States, and are thus greatly worsening our balance of payments problem with the United States?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I presume that question was precipitated by a story in the business section of the *Globe and Mail* this morning, and I anticipated it. The period reported on is prior to the application of the United States direct investment guide lines to Canada, and before the introduction of our own program of guiding principles.

The United States survey covering transactions of United States parents and their Canadian subsidiaries showed a somewhat larger proportion of profits paid out as dividends in 1965 as compared to 1964. However, the rate of dividend payment as reported at 47.6 per cent of the profits in 1965 was not extraordinarily large. On the other hand a substantial volume of financing continued to flow from the United States parents to their Canadian affiliates.

Careful attention is being given to any possible effects of the United States guide lines on Canadian companies and, as I stated previously, any shifts in financing arrangements between Canadian subsidiaries and their United States parents have not prevented the realization in Canada during 1965 and

again in 1966 of substantially larger capital expansion programs. We are, however, keeping this matter under closer review.

Mr. Speaker: Order, please. Does the minister wish to revert to motions?

Mr. Winters: No, thank you.

TRANSPORT

PAYMENT OF MUNICIPAL TAXES BY RAILWAY COMPANIES

On the orders of the day:

Mrs. Margaret Rideout (Westmorland): Mr. Speaker, I should like to direct a question to the Minister of Transport. Now that the transportation bill has received royal assent, has the minister anything to report concerning what the railways intend to do about municipal taxation?

Hon. J. W. Pickersgill (Minister of Transport): Yes, Mr. Speaker. I thank the hon. lady for giving me notice of her question.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I must say that one would not have to be very discerning to guess that such a question would be asked this morning.

The government has authorized the Canadian National Railways to pay grants in lieu of taxes as though the bill had passed before January 1. That is in respect of the year 1967. Last night I received a telegram from the president of the C.P.R. which sets out their position. Since the telegram is very brief, perhaps I might read it. I could paraphrase it, but I would rather read it. Also I would be glad to table it, if that should be the wish of the house. It reads as follows:

> On learning of royal assent to the national transportation bill I am sending this message so that you may inform parliament that Canadian Pacific will carry out its proposals as set out in my letter to you of August 29 1966 regarding municipal taxation as though the national transport bill had become law before the end of 1966.

Mr. Robert McCleave (Halifax): Mr. Speaker, I thank the minister for answering the question which I had planted twice previously. Now I should like to ask him what is the position with regard to the National Harbours Board, which also is of concern to municipalities.

Mr. Pickersgill: If the hon. gentleman would like to put that question say next Friday, I think I might be in a better position to answer it.

Mr. McCleave: Will the minister guarantee that he will not feed it to one of his followers on that side of the house?

Mr. Pickersgill: I will undertake, sir, that I will not feed it to Moby Joe.

Mrs. Rideout: Mr. Speaker, I rise on a question of privilege. I should like to inform the hon. member for Halifax that as a member of the transportation committee I missed very few of its meetings, as I am sure my record will indicate. In addition, I attended a meeting of representatives from all across Canada concerned with this very matter, which was held in the minister's office. I assure the hon. member that this question was not planted, sir.

Mr. McCleave: Mr. Speaker, may I offer my apologies to "Moby Marg".

REPORTED SURCHARGE ON CARGOES FROM JAPAN TO VANCOUVER

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I am not sure whether we should infer from the minister's comment that he feels the hon. members on his side are as dead as Moby Joe.

I actually rose to ask the Minister of Trade and Commerce whether he had received a telegram from the Vancouver merchants exchange pointing out that Japanese shippers are adding a 15 per cent surcharge on all cargoes shipped from Japan to Vancouver, and whether the minister will make representations to the government of Japan in this regard.

Hon. Robert Winters (Minister of Trade and Commerce): Yes, Mr. Speaker, I am aware of this fact, and I did receive the telegram. We in turn sent a telegram protesting this action. The National Harbours Board also sent a telegram. I learned from the National Harbours Board just before coming to the house that this contemplated action has been deferred until March 1.

Mr. Fulton: I have a supplementary question, Mr. Speaker. Am I right to assume that further representations and discussions will be immediately instituted and will take place between now and March 1.

Mr. Winters: Yes, this is being done, and the deferment was arranged to provide an opportunity for consultation.

Inquiries of the Ministry

NATIONAL DEFENCE

AMOUNT OF MONEY AVAILABLE FOR PURCHASE OF EQUIPMENT

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of National Defence. Now that it has been shown that his policy is providing less rather than more money for the purchase of defence equipment, will he instruct his propaganda agents to cease attempting to mislead the public?

Mr. Speaker: Order, please. Certainly the question as framed is out of order.

PRINCE ALBERT, SASK.—REPORTED INTENTION TO CLOSE RADAR LABORATORY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of National Defence a question which will not require the assistance of propaganda agents to be answered. My question relates to the Prince Albert radar laboratory, commonly known as "PARL". I received an indication of the intention to close this facility just before coming into the house. Will the minister indicate whether representations will be acceptable to the government from the city council of Prince Albert, the chamber of commerce and scientific bodies to the effect that the work being done by this institution has not been completed? I am wondering whether it is merely coincidental that this particular station is to be closed down at this time.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, we naturally would welcome representations from any group of individuals, either civic or scientific. I can assure my hon. friend that this station was not scheduled for closing without a great deal of thought. As a matter of fact it was recommended for closing a year ago, but we kept it in operation for an extra year in an effort to determine whether some group in the country such as a university would take over some of the functions previously carried out by the Defence Research Board. If the right hon. gentleman can persuade any group or educational institution in this country to assume responsibility for this station he will receive every co-operation of the Department of National Defence in making the equipment available, and in every other way possible. I believe that would be a good solution, but so far we have not been able to find sufficient

[Mr. Winters.]

interest on the part of a responsible organization to make this kind of transition possible.

Mr. Diefenbaker: Mr. Speaker, will the minister indicate whether the University of Saskatchewan, which has a high reputation for scientific research, has been consulted in this connection? Has President Spinks been consulted? He is known to the officials of the Department of National Defence for his outstanding work. Perhaps the minister will also indicate whether the government would continue to pay the 14 officers and technical personnel connected with that station if the University of Saskatchewan were prepared to operate it.

Mr. Hellyer: Mr. Speaker, I suspect that the problem is really financial. I understand there have been consultations with the university. As a matter of fact it is because some of the university students are doing work there this spring that we are keeping it in operation for some additional period. We are doing this in order that they may complete the projects they have under way at the present time. I think if some reasonable method of financing could be worked out at the university level, either there or in co-operation with other universities, we would be glad to receive any submissions they might care to make. But it has been decided by the Defence Research Board that the continued operation by our department is not justified, with respect to the actual need for it at this time.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. I would ask the minister, are there any more of these radar institutions across Canada? If so, are they being kept open? Also, in view of the fact that the work has to do with the aurora borealis, there must be further scientific research that could take place, as the minister suggested, and does he not think this work might be carried out by the universities?

Mr. Speaker: Order. I suggest to the right hon. gentleman and the Minister of National Defence that perhaps we are going a little too far in the consideration of this matter. Perhaps it is urgent, but I do not think we should engage in much more discussion of the subject.

Mr. Diefenbaker: Mr. Speaker, I simply point out that until I received a notice this morning, as member for that constituency, there was never a word said to me by the minister or the department.

Mr. Hellyer: Mr. Speaker, the right hon. gentleman knows that I am always willing to have his advice; but in this case the decision was really made by those responsible for scientific endeavour and it was on their advice that the recommendation was accepted. No one would know better than my right hon. friend—

Mr. Speaker: Order, please.

CAPITAL PUNISHMENT

INQUIRY AS TO LEGISLATION RESPECTING ABOLITION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Solicitor General. Yesterday in response to a question put to him by the Leader of the Opposition the Solicitor General referred to a study that is being made of the Criminal Code for possible amendment. May I ask the minister whether a decision has yet been made by the government to include in any amendments to the Criminal Code the abolition of capital punishment?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I have nothing to add to the answers I have given on previous occasions.

EDUCATION

UNITED KINGDOM—INCREASED UNIVERSITY FEES FOR OVERSEAS STUDENTS

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is to the right hon. Prime Minister. Having regard to the recent announcement by the British government substantially increasing university fees for overseas students, could the Prime Minister tell us whether our government has been in contact with the government of the United Kingdom with regard to this serious problem?

Mr. Speaker: Order, please. I am wondering whether the question is so urgent that it could not be placed on the order paper.

HEALTH AND WELFARE

PROHIBITION BY U.S. COURT OF CANCER VACCINE DISTRIBUTION

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct a question to the parliamentary secretary to the Minister of National Health and Welfare. Has the attention of the department been drawn to a report that a temporary United States federal court order has ended the distribution of a controversial cancer vaccine and that Canadian residents—one in particular in Ladysmith is mentioned—are claiming that this order is a death sentence to them? Will the minister investigate the situation with a view to determining the reasons for this order?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I will bring this matter to the attention of the minister.

CANADIAN CENTENNIAL

LIMITATION ON BLOWING OF WHISTLE ON CENTENNIAL TRAIN

On the orders of the day:

Mr. J. E. Walker (York Centre): Mr. Speaker, I have a question for the Minister of Transport. Will the minister inform this house whether transport board regulations limit to once a day the blowing of the unique "O Canada" musical whistle on the centennial train?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I would—

Mr. Speaker: Order, please.

Mr. Walker: A supplementary question, Mr. Speaker. To whom should I appeal in an endeavour to allow the centennial train to blow its popular and melodious tone more frequently than once a day on its tour across Canada?

Mr. Speaker: Order, please. The hon. member may appeal to the Minister of Transport, but he cannot do so now.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I wish to address my question to the Secretary of State. Inasmuch as lotteries are illegal in Canada it is to be presumed that the C.B.C. does not encourage them. However, hockey pools are being operated throughout Ontario, and the other day the C.B.C. gave the wrong time for the last goal scored. May I ask the Secretary of State to provide the news department of the C.B.C. with another colour set so that members of that department can watch the game and get the exact split second of the goals for the benefit of the hockey pools?

Mr. Speaker: Order, please.

Inquiries of the Ministry

CRIMINAL CODE

POSSIBLE AMENDMENTS WITH RESPECT TO FAMILY PLANNING

On the orders of the day:

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a supplementary question for the Solicitor General with respect to amendments to the Criminal Code. I should like to ask him whether the recommendations of the health and welfare committee with respect to family planning will be included in the amendments to the Criminal Code which will be dealt with in the next session.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I will bring this question to the attention of the Minister of Justice.

NATIONAL DEFENCE

HALIFAX—COMMUNICATION FROM DOCKYARD LABOUR COUNCIL RESPECTING WAGE NEGOTIATIONS

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, in the absence of the Associate Minister of National Defence I wonder if I may ask the minister whether his colleague has discussed with him the recent lengthy communication received from the dockyard trades and labour council in Halifax with regard to wage negotiations.

Hon. Paul Hellyer (Minister of National Defence): No, he has not, Mr. Speaker. I am sure that he will take note of this question and communicate with my hon. friend.

EXPO '67

REQUEST FOR ASSISTANCE IN FINDING HOTEL ROOMS

On the orders of the day:

Mr. Roger-E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, my question is for the Minister of Trade and Commerce, who is responsible for Expo. Will the minister use his good offices to help me find 2,000 hotel rooms in Montreal during the month of June?

Mr. Speaker: Order, please.

POWER

ESTABLISHMENT OF RESEARCH INSTITUTE BY HYDRO QUEBEC

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, last Tuesday I asked the Minister of Energy, Mines and Resources a question with regard to the research establishment proposed by Hydro Quebec. Can he or the Minister of Industry furnish me with a reply now?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I regret that I was not in the house when the hon. member for Kamloops asked about the announcement made by the premier of Quebec regarding the proposal to establish in that province a very large research facility to be put up by Quebec and operated by Quebec Hydro. The federal government, through the National Research Council, has recognized the importance of increasing research into high tension transmission of electricity, and for some time has been discussing with Quebec Hydro a co-operative arrangement. We are pursuing these discussions and hope to co-operate effectively in this project.

Mr. Fulton: Mr. Speaker, may I ask the minister whether we can attach some special significance to this with respect to the development of a national transmission grid. Will this be one of the matters specifically discussed between the National Research Council and Quebec Hydro with respect to this research?

Mr. Drury: Not directly, Mr. Speaker. The purpose of the research facility is not to discover and provide solutions for problems relating to the establishment of the grid and the transmission of high voltage electricity. Obviously if some of the problems related to large grids and to these kinds of transmissions can be solved it is more likely to lead to the successful introduction of a national and international grid.

COLUMBIA RIVER—REPORT BY CANADIAN MEMBER OF JOINT ENGINEERING BOARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Energy, Mines and Resources. Has the minister received a recent report from the Canadian representative on the joint engineering board regarding the Columbia river

Mr. Speaker: Order, please. I suggest to the hon. member that it is not a matter of urgency whether or not the minister has received a report.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed, from Thursday, February 9, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. Speaker: It has been mentioned to me that the hon. member for Kootenay West called it ten o'clock last evening. Because of this I suggest to hon. members that he should be called first today if he wishes to take part in the debate. Does the hon. member intend to speak this morning, or did he complete his speech yesterday at ten o'clock?

Mr. H. W. Herridge (Kootenay West): No, Mr. Speaker, I wish to return to the debate for a particular purpose and reason. First of all I want to thank the minister for his prompt replies to various matters which I brought to his attention with respect to taxation and so on. May I say that the minister, who is so delectable socially, unfortunately considers himself financially impregnable when it comes to the question of budgets.

Before I continue I should like to mention that after having spoken to a number of people in the press gallery I discovered that their feelings were hurt when they were referred to as vultures. I told one member this morning that I would correct that. I believe it is safe to say that the press gallery represents two doves, and the rest of the press are hawks.

Last Monday the hon. member for Kootenay East, who is parliamentary secretary to the Minister of Transport, delivered an amazing speech both in my view and in the view of the members of this group and of other hon. members in the house. His speech dumbfounded hon. members on all sides of the house regardless of party. The record will indicate that the great majority of members of all parties objected to his thesis, his arguments and his presentation. I give him full credit for his willingness to swim against the tide of public opinion, of experience and of the wishes of the government, as well as against the wishes of farm and labour organizations, credit unions, and professional teachers and women's organizations in Canada.

These wishes have been clearly expressed to various governments since 1946. I must say that in this age of "me too-ism" it is refreshing to see a man get up and say something which he knows is unpopular with a large majority of the Canadian people, and I give credit for that to the hon. member for Kootenay East. However, I must say that it was a rather trying and sad experience for me to listen to an hon. member who has been the president of a trade union, and connected with movements of this type in his own constituency, advance the arguments of the chamber of commerce for the taxation of co-operatives and credit unions. I am sure he would not have done that were he not convinced that his argument was sound and that this was the right thing to do. I give him credit for that also.

I must say that the principles of co-operation are eternal. As a matter of fact I would not be here today if there had not been some measure of co-operation in my connection some years ago.

Mr. Pepin: Explain.

Mr. Herridge: I do wish to bring to the attention of hon. members the fact that I am not speaking from an academic point of view. I have been in very close association with co-operatives and credit unions for the greater part of my life, because these organizations are very strong in the constituency which I have the honour to represent. In association with Lord Brockway's brother in law I formed one of the first consumer co-operatives in the interior of British Columbia prior to the first world war. I was active in the organization of the first fruit growers co-operative exchange on the Arrow lakes. I was also the representative of the Kootenays to the B.C. Fruit Growers Association when we organized the associated growers of British Columbia, and then in 1942 I was one of five persons who met together to arrange for the organization of the Trail credit union which now has nearly $7 million in assets. I might say that since that time branches of the credit union have been formed all over the Kootenays, and in Kootenay West their total assets exceed $15 million. This is all the result of self help, of working together and mutual aid.

• (11:40 a.m.)

The co-operative societies and credit unions in Kootenay West have become an integral part of the economic life of the country. In my opinion any interference with their operations or changes in our taxation laws would have a serious effect on the lives of many

residents of the area and, in some cases, the whole community.

Take for instance the transportation co-operatives. These, designed for a specific service, have been built up out of dire necessity for a cheap and reliable method of transporting the men employed at the Trail smelter who reside in the outlying communities of Rossland, Castlegar and Fruitvale to and from their work each day. At Rossland, out of a population of some 4,000, upwards of 1,000 are members of the transportation society and depend upon it as a means of getting to and from the source of their livelihood. In effect, the society is secondary only in importance of the job itself.

For the past 35 years, Mr. Speaker, these people have been doing their own transportation business in the co-operative way, that is at cost. Like every genuine co-operative, they have made a practice of distributing surplus earnings back to the members at each year's end. The resulting savings in the hands of members, amounting to thousands of dollars, have meant more purchasing power for other necessities of life, and to this extent all other business establishments in town have benefited, to say nothing of the effect a cheap transportation system has had in attracting new residents to the community. What is true of Rossland is equally true of the other communities surrounding Trail, except as to numbers.

Another form of co-operative endeavour which has grown out of necessity in this West Kootenay area is the producer farm co-operatives. Up and down the fertile valleys of the Arrow lakes, the Slocan valley, the Kootenay lake area and the wider spaces of the Creston valley are scattered some thousands of large, small and medium sized ranches and farm homes. Fruit growing, cattle and dairying, poultry ranching, seed and feed growing are all practised on varying scales. Bumper crops can be and are being raised in each and all of these lines of farm industry, but the No. 1 problem of the farmer in this, as in many other parts of the country, has always been to find a profitable market for his product.

For years the fruit grower and poultryman, as well as other classes, were at the mercy of the monopolistic packing houses and trading concerns, and the consequence was that the farmer had to accept such prices for his product as were dictated to him. I had that personal experience during the depression years, and I expect some of the members on my right have had that experience also. Slowly and painfully the farmer learned that the only hope of improving his condition was by co-operating with his neighbour in marketing products of a similar nature. In the same way that the industrial worker learned that in unity there is strength and that the only hope of improving conditions in the shop and factory was by bargaining collectively, so the farmer came to realize that in order to improve his standard of living he too would have to bargain collectively through his producer co-operative.

Thus the great wheat pools, the fruit growers co-operatives, the egg and poultry producers associations, are simply the primary producers' systems of collective bargaining for their members. The success of these forms of co-operatives can be measured in the increasing returns that the members have secured from the sale of their products, and naturally the increased prosperity of the members has resulted in increased prosperity for the different communities in which the members reside or in which they do their business transactions.

It is difficult to estimate the number of members of such organizations in this West Kootenay country of ours, but a rough guess would put it at somewhere between 2,000 and 3,000. If we supposed that through their producer co-operatives these members have increased their net incomes by only $100 each per year, the immediate effect would be an increase in spending power in the hands of these people of some $300,000. A further note in this regard is that as the incomes of the individual members of such co-operatives reach a higher standard, more of them are brought within the scope of the Income Tax Act on individual earnings.

A third branch of co-operative activity which is to be found in operation in this area, although not so extensively as the other two, is the consumer type of co-operative. Now, Mr. Speaker, instead of a few special groups being the recipients of government favours, as implied by the hon. member for Kootenay East the operations of these groups have brought benefits to large sections of our part of the country, even to whole communities, and any interference with the smooth operation of such benefit-conferring organizations would be a calamity indeed.

Since 1943 we have had many branches of credit unions organized throughout the district with an approximate capital of $15 million, to which a large number of the Cominco

employees belong. Although some members suggested that a member of Cominco might have written the hon. member's speech, I am quite sure that anyone reading the hon. member's speech in *Hansard* would absolve the company of its authorship. I believe the hon. member made it on his own because he believed in what he was saying.

In reply to the hon. member for Kootenay East I wish to point out that co-operatives and credit unions are, first, a source of personal education. Co-operation is based primarily on self help. It requires each one, no matter how humble he may be, to look after his own affairs, to become accustomed to rely on himself rather than on a middle man or on the state. Each co-operator, being personally engaged in a co-operative association, is naturally spurred on to develop his own personality that he may better face his responsibilities. Co-operatives and credit unions are a movement for family welfare. This movement has made it a general rule to take the family or the household as a constituent unit.

I am just outlining these few reasons to give an idea of the philosophy behind the co-operative movement which has done so much for the development of our country. The co-operative movement is not directed to the individual alone but as integrated in a family group. Preoccupied with family needs and aiming at satisfying these, it gives the family in economic life its natural role of a social cell, a role of which individualism has taken little consideration.

Then again, co-operatives and credit unions are a means of civic and social education. It is not necessary to elaborate further to realize that the practices of co-operatives and credit unions create among people habits of understanding, mutual help, concerted action and so on, thus supplying an efficient remedy for those social evils which are individualism, class struggle, incomprehension, etc. Co-operatives and credit unions also make it a duty to perform social work whenever they can. I could give a number of instances in which they have gone beyond their actual line of duty to perform services for the community as a whole.

Co-operatives and credit unions give a first hand training in democratic principles and methods. Each co-operative or credit union is a miniature democracy. Each co-operative and credit union encourages the co-operator to do his democratic duty better in his co-operative association, so he is then better trained to accomplish this in his political life.

Co-operatives and credit unions are a school for national unity. Co-operators, non-denominational, neutral to political and racial questions, all learn in their co-operative how to work together in spite of their religions or political divergences and in spite of their ethnic differences. I have had personal experience with this situation because I have met members of all political parties in this movement. I want to say that, strangely enough, in the constituency which I have the honour to represent the movers of the co-operative movement, historically from 1906, happen to have been a group of old country Tories who were very interested in building the co-operative movement and who saw its advantages. They were supported wholeheartedly by other persons who believed in this principle.

Co-operatives and credit unions are a factor for peace. The fundamental principle of the movement is the opposite to that of fighting and competition which results in war. Co-operatives give men a sense of fraternity and solidarity. As I say, this is the result of their working together and their better understanding of one another.

While I cannot take time to quote at length from the speech made by the hon. member for Kootenay East in his plea for the taxation of co-operatives and credit unions, I do wish to quote one or two of the choicer tidbits. They are found at page 12705 of *Hansard* of February 6:

> • (11:50 a.m.)
>
> The co-operative movement, as it chooses to be called, is nothing more nor less than corporate enterprise enjoying the benefits of $3 billion worth of business each year in Canada. Co-operatives have become a corporate colossus in competitive enterprise, but with a difference. Co-operative profits are almost completely exempt from income tax.

Then at page 12710 we find the following:

> On the avenue of fertilizer production involving Cominco and Western Co-operative Fertilizers Ltd. there appears to me to be a head-on encounter.

At this point I want to mention that Cominco, as a company, has been very interested in the formation of co-operatives in the district, principally the transportation co-operatives and credit unions. They have carried on community work and I think it is quite fair to say that under the circumstances in which we live today, Cominco is known as a very decent employer involved in the communities in which the company operates. I

give them credit for that, though I quite often differ with their policies and actions.

On page 12710 the hon. member also said:

> The first year Western Fertilizer came into production they took over 25 per cent of Cominco's market on the prairies. The sales pitch was to instruct their co-operative controlled retail outlets to quote the going price but offer a patronage refund at the end of the fiscal year.

In connection with the hon. member's remarks with respect to Cominco I must quote from *Hansard* of February 6, at page 12709. The hon. member for Kootenay East said:

> The assumption that co-operatives hold down prices, too, is a completely erroneous one. Consumer co-operatives simply do not undercut prices, but offer their patrons a nebulous patronage refund which is paid in cash only if the co-operative does not entertain expansionist ambitions. Producer co-operatives such as Western Co-operative Fertilizers Limited, after they got into production, instructed their retail outlets to meet the going price and to promise a patronage refund. Such refund, made possible by the avoidance of income tax and current taxes, is a legacy of the co-operative privileges.

To inform the house I wish to quote information supplied to me by the Co-operative Union of Canada with respect to fertilizers on the prairies. This is the information I am given:

> Up to about three years ago Cominco and the Co-ops had a contract whereby Cominco supplied the Co-ops with fertilizer. This contract was renegotiated annually. Federated Co-ops began construction of its own fertilizer plant in Calgary. One year before this plant was to go into operation Cominco informed the Co-ops that they would only sign a ten year contract. As a result the Co-ops were forced to go on to the open market for their fertilizer supplies for that year, and it caused them a considerable amount of trouble.
>
> Prior to the opening of the Co-op fertilizer plant in Calgary the price of fertilizer varied from $115 to $145 a ton. After the Co-op plant went into operation the price dropped to $99.50 a ton.

The price went slightly above that in some instances. This has not hurt Cominco. I find, looking at the record, that Cominco sold 739,080 tons of fertilizer in 1964 and 754,550 tons of fertilizer in 1965. The information of the Co-operative Union of Canada shows that in these areas the co-operatives had been able to reduce the price of fertilizer to the farmers of western Canada.

To get this matter correct, Mr. Speaker, I do not think the hon. member understands the situation as it exists with respect to taxation. I do not think he understands the argument he puts forward in that respect. A co-operative pays all the taxes any other company pays. It pays property taxes, taxes on

[Mr. Herridge.]

dividends, on share capital, on general reserves, yes and on business done with non-members, too. A co-operative, however, does not pay tax on what it saves the members. Any business can cut down its earnings by returning profits to the customers, and reduce its income tax in this way. Only co-operatives do this as a matter of basic policy, and that is the whole explanation of taxation of co-operatives.

I wonder if the Minister of Indian Affairs and Northern Development would support the argument put forward by the hon. member for Kootenay East. I am informed that the minister is a strong supporter of co-operatives among Indians and Eskimos, and that today in the Canadian Arctic there are 22 co-operatives and two credit unions carrying on business and helping improve the economy of their respective regions. This is according to a staff member of the co-operative development section of the Department of Indian Affairs and Northern Development.

I wonder if the Minister of Agriculture would agree with the hon. member's views. The Minister of Agriculture is a strong supporter of the co-operative movement. Recently he returned from a trip to the Caribbean during which he gave speeches on the co-operative movement as it relates to marketing in agriculture.

Instead of listening to the plea of the hon. member for Kootenay East I suggest the government would be well advised to listen to the representations of the co-operative movement, the farmers' and labour organizations, the consumer organizations, teachers and professional organizations and, in effect, the vast majority of the Canadian people. As the result of experience throughout the years the government would be wise indeed to promote this form of mutual aid and self help, this business of helping yourself rather than depending on somebody else.

Finally, consider the recommendations to the house ways and means committee of the United States congress. This study, prepared by the house small business committee following a year's investigation as well as consideration of a treasury department report on the tax advantages which co-operatives enjoy, otherwise gave co-operatives a clean bill of health and extended no support whatever to those who have sought to curb this form of business enterprise. The house small business

committee, in urging a strengthening and continuing support of co-operatives, emphasized that:

—the growing trend of economic concentration into large scale organizations may well intensify the abnormal conditions that led originally to the co-operative movement.

Admitting that tax exempt co-operatives may have some advantage over competitive businesses in the same field, to the extent that income available for dividend payments and accumulated in reserve escapes federal taxation, the committee sought to justify the advantage after lengthy hearings. It was said:

Since the apparent intent of congress in levying taxes has been to levy on ability to pay, it does not appear to be reasonable or equitable to attempt to levy a tax on a co-operative for income which does not belong to it, nor to levy a tax for which it has no funds to pay.

For the alleged preference enjoyed by co-operatives in obtaining loans, a charge which has been made frequently before congressional committees, the house group said there is "no evidence" to show that a type of preferential treatment has been granted. Records of all government lending agencies show that thousands of private companies have enjoyed the same benefits as co-operatives, it was stated, and substantial evidence was claimed to show that:

—many of the strongest opponents of co-operatives are themselves members of such organizations—

The report disclosed that one opposing industry group has organized and operates one of the largest co-operative insurance companies. In conclusion, Mr. Speaker, the committee presented this view to congress:

The theory that the co-operative movement is seriously endangering other economic forms of business operating can be utterly disregarded in as much as the volume of business enjoyed by co-operatives and their degree of participation in the national income is very nominal.

That report was made after a study of the tax laws in the United States, and after considering co-operatives and credit unions, and its conclusions differ from those of the hon. member. This committee was composed of Republicans and Democrats, members from the north as well as from south, and this was their attitude toward the taxation of co-operatives and credit unions in the United States. It was a complete contradiction of the attitude taken by the hon. member for Kootenay East. I trust that after reading my speech the hon. member for Kootenay East may become converted.

• (12 noon)

Now I wish to bring to the minister's attention three matters which have been drawn to my notice throughout the years. The first concerns travelling expenses allowed as deductions for income tax purposes to workers who have to travel considerable distances to and from their employment. In my own constituency workers often have to travel between 20 and 40 miles to their places of employment, while at the same time I have personal knowledge of salesmen travelling 200 miles to sell a few dollars worth of material to a store, with expenses deductible. I hope the minister will take this opportunity to improve the situation in which these people find themselves.

Then there is the question of the taxation of centennial projects. As the minister knows, a museum is being built in Rossland as a centennial project. It is being built with federal funds, provincial funds and community and voluntary donations. At the same time the people concerned are required to pay sales tax on materials used. To me it seems illogical to ask that sales tax be paid in connection with centennial projects, particularly when those projects are made possible by governmental grants and voluntary effort. To encourage participation in these projects, the federal dollar per capita grant was established. Now to offer this grant with one hand and reclaim part or all of it with the other is to defeat the original purpose of the grant. Since the grants are on a per capita basis regardless of the magnitude of the projects, it is conceivable that in the extreme the complete grant might have to be returned as sales tax.

One community could decide to sponsor the building of a park with spacious green lawns and pleasant planting areas. This type of project would not be faced with very much sales tax. But a project consisting solely of a building would be faced with the dilemma of having to pay back anything from 25 per cent to 100 per cent of the federal grant involved. I urge that further consideration be given to this situation.

Finally, I have received a good many letters from persons generally well on in years complaining about the situation with respect to the perpetual bonds issued in 1936. Many of these bonds were purchased with the idea that they would provide some security against retirement and an income when earning power had decreased. I urge the government to consider raising the interest on these bonds

from 3 per cent to 5 per cent. I am not fully informed on the amount issued but I understand that the amount involved is not large. I urge the minister to give consideration to correcting what appears to many of us to be an unnecessary injustice to the persons involved as a result of the government's decision to continue these bonds at the present 3 per cent rate.

That is all I have to say at this time. I hope after looking at the minister that possibly we shall get a favourable response later in this debate.

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, we are studying for the fifth day the mini-budget brought down by the Minister of Finance (Mr. Sharp). The main provisions of that posthumous birth, since the mini-budget came nine months after the main budget of March 1966, boil down to this: starting on January 1, 1967 the maximum personal income tax deduction for old age security is increased from $120 to $240 per year and the sales tax is increased from 11 to 12 per cent.

The income tax increase for old age security applies to one third of the taxpayers with higher incomes, that is 2,300,000 out of 6,500,000.

The sales tax increase will not apply to building materials or to production machinery and equipment. The hike in the sales tax will lead to a price increase, but will not mean more than a one-point boost in the cost of living.

The minister foresees a $340 million deficit for this fiscal year, as compared with one of $150 million forecast by him last March.

The present rate of economic growth is such that expansion can continue without inflation.

Salary and price increases are still excessive, but tend to become moderate.

Those are, sir, the major points that come out of this mini-budget. If the main budget of March 1966 had not made Canadians too enthusiastic, this mini-budget, in turn, deepens the frustration of millions of Canadians. I want to read to the house what Roland Charbonneau, editorial writer at the Sherbrooke *Hebdo*, has to say about this mini-budget, and I quote:

> This is further proof that Mr. Lester B. Pearson's Liberal government, and particularly his Minister of Finance, Mr. Mitchell Sharp, are incompetent in the field of public economy.
>
> [Mr. Herridge.]
>
> While increasing old age pensions by 40 per cent, he doubles the contributions of individuals so that the $120 maximum contribution to the Old Age Pension Fund is now set at $240.
>
> Sure, the manufacturers will pay the 1 per cent sales tax increase, but they will collect that, and more, by raising wholesale prices.
>
> And if we follow the sales pattern, once again we find that this additional tax burden falls upon the consumers' shoulders, the majority of whom earn small and modest incomes.
>
> It might be acceptable if the manufacturers and retailers did not go beyond this 1 per cent increase. But experience has shown that whenever the tax is raised on a particular product, the retail price is increased a lot more.

Those are the very sound comments of an editorial writer for the Sherbrooke *Hebdo*.

Furthermore, Mr. Speaker, in the eyes of knowledgeable Canadians, this mini-budget certainly did not provide dynamic and progressive measures to solve the various economic and industrial problems of our country.

• (12:10 p.m.)

Just read, for instance, several warnings, and I quote this one given early last January by Mr. R. B. MacPherson, economist with DuPont of Canada:

> The Canadian economy is heading toward a period of recession that will reach its peak between the latter half of 1968 and 1970.

In addition, here is the statement of a man who, for several years, has not feared to express himself on Canadian problems, whose judgment has proved sound, far more sound than the measures we are offered by the Minister of Finance in his budgets, since he has taken over that post. I am referring to Mr. A. T. Lambert, president of the Toronto-Dominion Bank.

Dealing with the need for a reasonable stability in prices, Mr. Lambert said the following in mid January 1967:

> This is an urgent problem and we cannot remain indifferent in the face of the level of inflation now reached. We cannot ignore either that this factor may have far-reaching consequences for the Canadian economy. Inflation darkens the economic future and if we fail to check it, we are in danger of bringing about a reaction which would have unpleasant effects for all Canadians.

Is it still necessary to emphasize the meaning of the brief submitted to the government a few days ago by the C.L.C.? This responsible, democratic and representative body gives fair and proper warnings to the federal government and to the Minister of Finance and I quote:

> The Canadian Labour Congress is concerned that the country may suffer increased unemployment and slip into the slow rate of growth and the high level of unemployment which struck the Canadian economy from 1957 to 1962.

The Canadian Labour Congress report also says:

> The rate of increase of the gross national product has diminished substantially. The number of housing starts is considerably lower as compared to 1965, and we have noted remarkable reductions in the sale of some durable consumer goods. Pundits of the business world anticipate a reduction in capital expenditures this year.

And the brief goes on:

> —the leaders of this great labour organization are calling on the federal government to refrain from imposing any general restrictive measure, either monetary or fiscal, "that would only accelerate the slackening of the economy", which seems to have begun already.

People often find exaggerated and too systematic the complaints and grievances presented in this house. I have the privilege to sit here as a free man without any political affiliation and I am here to represent all the electors, men and women, of the Sherbrooke constituency, the great majority of whom, namely about 72 per cent, belong to the class of average Canadian citizens, namely the labour class and office workers of small businesses. Now, the great majority of Canadians are included in that category. My electors, male and female, and millions of Canadians, and also people as well versed in the matter as the hon. Minister of Finance and Receiver General (Mr. Sharp), his advisers, his officials, criticize this government and warn it, because the government itself does not seem to know where it is going. All those people complain that the economic, financial and fiscal philosophy of this government is not distinguishable, no more than its economic direction, at the industrial level and in all the fields of social legislation.

It is a government which gropes along, with inconsistency and which does not prevent problems and events and which awakes only when a complaint has become very severe to apply what is quite quaintly described as a poultice policy. He waits until the abscess or the tumour has become enormous before he treats it or removes it.

That is a backward policy which Canada can well do without in these rather difficult times.

I say the Pearson government is irresponsible and hesitant. It is assertively irresponsible. It refuses to make decisions, or puts them off indefinitely. It intervenes when it is too late and then propounds disjointed and contradictory theories. This want of vigour and courage not only costs Canada millions of dollars but prolongs conflicts, worsens situations, spreads distrust and confusion and alienates Canadians from each other, one region from another and one culture from another.

The Pearson government is a past master at procrastinating; it is the very expression of mediocrity and platitude in Canada. There are thousands of examples, Mr. Speaker. What about its refusal and its hesitation to revise the Canadian constitution, a century old, and to create an official parliamentary committee to consider that matter, giving such a responsibility, not to individuals hidden in officialdom, but to legislators in this parliament who have the responsibility and the duty to guide Canada and all Canadians toward a better and more substantial future.

There is also this contempt on the part of the present central government for the rights and needs of the provinces, its timorous and discriminatory policy with respect to bilingualism and equality of the two cultures. The attitude of the government is that of the ostrich with regard to inflation, price increases, monopolies, the decrease in productivity accompanied by an increasing rate of unemployment. This is also reflected by its bourgeois selfishness in restricting credit, distributing national income in a way which is contrary to democratic principles, aggravating cases and areas of poverty by the implementation of pitiful and mathematical legislation.

One could also criticize the non-interference attitude of the government, waiting until disputes arise before taking action and legislating; added to this, we have a lack of foreign and national defence policy based on principles of simplicity, logic, practicality, efficiency and economy; we have a blind and haphazard commercial and industrial policy, where several of our industries are subject to pressures, oppression and even bankruptcy—and I want to mention, in passing, the difficult situation in which the Canadian textile and shoe industries are now placed—and the government has neglected important sectors of our economy, such as housing for small wage-earners, because even the recent proposals made by the hon. Minister of Labour (Mr. Nicholson) do not meet the needs of the small wage-earner, the average Canadian, the head of a family.

If this government would add a touch of moral and social philosophy to its legislation, there would be criteria enabling the head of a family to raise and shelter his dependants decently, enjoying a reasonable 5 per cent

rate of interest. But no. In spite of the representations made by a number of hon. members, the government goes on its cold-hearted way and once in a while introduces inadequate measures, which do not meet the real needs of the Canadian head of a family.

There is no moral, human and social philosophy in the elaboration of legislation. Indeed, only administrative concern can be found: uniformity, portability, state control, not to mention a heterogeneous cabinet, without cohesive thinking, evasive, obese, marking time, versatile. No doubt Canada lacks leadership and drive, as well as economic, fiscal, financial, commercial, constitutional and patriotic direction. The government should wake up and the centennial year should make it offer at last some means of action to the citizens of Canada and members of parliament, that is a parliamentary committee on constitutional and fiscal reform.

In this connection, Mr. Speaker, in spite of the happy innitiatives taken by the premier of Ontario, Mr. Robarts, and the premier of Quebec, Mr. Daniel Johnson—these two provinces represent almost two thirds of the country's population—who call for a conference on the constitution in order to remodel it in a 1967 context, so that all Canadians might close their ranks, work toward the development of this country with a feeling of brotherhood and stop bickering on discussing misunderstandings and imprecisions of the constitution, the federal government is displaying tremendous irresponsibility.

It should be severely blamed for refusing—and this is the position taken by the Prime Minister (Mr. Pearson) in this house since January 18 last—notwithstanding numerous requests, to the members of the house, to the legislators in this parliament, an opportunity to meet, to trust each other's goodwill and intelligence, in order that we might, in fact, formulate precisely, according to the responsibility we hold from the Canadian people, a renovated Canadian constitution, modernized and amended according to the aspirations of Canadians in 1967.

• (12:20 p.m.)

That is proof of the Prime Minister's weakness and faint-heartedness, for he refuses to believe in the good faith expressed not only by hon. members but also by the premiers of the two largest provinces which have more than two thirds of the population of Canada.

We have been needing a constitutional court for a long time but this government refuses to set one up to settle our problems as is done in other countries. I shall bring this up again when the discussion bears solely on this subject and I urge hon. members to study the operation of the constitutional courts in Switzerland, for instance, or in Western Germany. In so doing, hon. members will realize that such a thing is not impossible since it really exists. Members of the constitutional court of Switzerland are not appointed unilaterally, as are the justices of the Supreme Court of Canada which, as it now stands, is inappropriate to solve our constitutional problems. The constitutional court in Switzerland is made up of representatives of the federal legislature and of representatives the Assembly of the cantons, which is the equivalent of our provincial legislatures. Such things are possible and they have been in existence for a long time, in fact, since the constitutional revision in Switzerland many years ago. Why, then, try to run a country by marking time, by playing blind-man's buff, seeking blindly, without finding it, a solution to our problems, letting the country seek its future right and left, in a perpetual see-saw, when energy and enthusiasm should be shown to finally make Canada the most beautiful country in the world, a dynamic country? We have all the possibilities, but the present government refuses to give us the necessary means to enable all Canadians to work hand in hand to make this a dynamic country, a country of brotherhood.

Why is there so much misunderstanding from Halifax to Vancouver? Why are so many Canadians living on such a vast territory, separated by such distances? It is because our present government refuses us the necessary framework and policies to bring all Canadians together, to start the flow of a geyser of brotherhood, friendship and co-operation which our country needs so much to make a future for itself.

Reference was made to an organization which would control prices, profits, combines and wage readjustments. It is too bad, Mr. Speaker, but the people who sit on the government side of the house, here in Ottawa—since the federal authorities want to have such a leading role to play in the direction and orientation of our national economy—will have to assume their responsibilities in the economic field. A democratic policy will have to be established, a democratic policy regarding distribution of national income and, at certain times, the government will have to hurt certain categories

of citizens getting as rich as Croesus, here in Canada, while millions of other Canadians are suffering and living in miserable conditions.

This, Mr. Speaker, represents a great gap and it was heartwarming to see, a couple of years ago, the Quebec government attempt to pay expenses incurred during an election. We should have this at the federal level. The federal government should, in order to establish an objective policy, a fair and equitable policy concerning all Canadian citizens—and the need is urgent—pass legislation whereby all election expenses of candidates in federal elections would be paid. I realize that all candidates might be limited to three or four television appearances and to less publicity, so as to prevent election expenses from becoming wasteful nonsense.

But it should be necessary for the government to have a free hand after it is elected. The Liberal government should not receive or should not have received $100,000 from some financier or industry. The Progressive Conservative party should not have received $75,000—a little less—because it had been anticipated by the rating, as in 1965, that it did not have a chance to return to power. The New Democratic Party should not receive either—possibly much less, but just in case, in 20 or 25 years, it should accede to power—from certain financiers or industries, $10,000 or $15,000, as compared to the $100,000 contributed to the others.

There is need for a piece of legislation enabling the government, in the present economic situation—regardless of the visits made to ministers' offices by Toronto or Montreal financiers—to have a free hand to pass legislation designed to control prices, readjust salaries, restrict profits and prevent price fixing by combines. What a revelation it was in the committee on consumer credit and cost of living to realize how some companies operating in the consumer field make excessive profits; the same applies to finance companies, namely Household Finance and others. This is scandalous, when millions of Canadians suffer and are destitute.

What we really need is a democratic government—it matters not whether it is Liberal, Progressive Conservative, or any other political party—but it must be free to work for the common good, free to look to the right, to the left, in front and behind, so that when legislation becomes imperative it is not blocked by a small group of citizens who do not want to lose the interest on their capital or exorbitant profits.

Mr. Speaker, that is now sadly lacking and I trust the government will consider introducing legislation to that effect, in order that the administration of the country might become more democratic.

In the next few minutes, I wish to call attention to the statement of the hon. Minister of Manpower and Immigration (Mr. Marchand) which caused me much grief.

Last week-end the minister went to Chicoutimi. I know he is very dynamic, very spirited. But, because a number of students, my young compatriots, expressed their dissatisfaction over certain injustices, because my young compatriots in Chicoutimi—the same thing occurred at Sherbrooke University, at Laval and at the University of Montreal—refuse to spend, as their forefathers did, their time in confederation in the kitchen, because they too want to spend time in the livingroom once in a while and share in the well-being of the country on an equal footing, because my young compatriots expressed their dissatisfaction and were at times aggressive, the hon. Minister of Manpower and Immigration called them young punks.

Mr. Speaker, I deplore this attitude on the part of the minister who, with two other wise men, as is often said in the house, came here a year and a half ago after some soul searching to save the Canadian confederation. What did those three wise men have in mind? Did they come here to save the Canadian confederation or to further their own interests and ambitions? After watching them closely and studying their statements, I am in a position to say today that although they come from the province of Quebec, from that proud nation thirsting for justice and equality, they do not represent in any way the aspirations of the province of Quebec and the French Canadian people or the French culture in this country. And I will prove it in a moment.

Mr. Speaker, how come the Minister of Manpower and Immigration—

Mr. Laflamme: Mr. Speaker, would the hon. member allow me a question?

Mr. Allard: You ask questions when I am through with my speech.

How come the Minister of Manpower and Immigration is taking this attitude in the light, for instance, of an answer given, hardly two months ago, to a question asked by the hon. member for Villeneuve (Mr. Caouette) concerning the number of high officials who

are French Canadians. Out of 1,200 senior officials in Ottawa, only 135 are French Canadians.

• (12:30 p.m.)

My young compatriots are dissatisfied with such discrimination. And how many inequalities are still being inflicted on our compatriots in the civil service today? We have evidence of this when we meet them in the various departments. And because our young compatriots are not satisfied with that situation, the Minister of Manpower and Immigration (Mr. Marchand) calls them young punks. I wonder, Mr. Speaker, who are the young punks in Canada. For instance, with regard to the department of immigration: in 34 foreign cities, where that department has offices, out of 2,186 employees, scattered in the 34 offices in those 34 foreign cities, there are only 25 French Canadians. And, because my young compatriots from Chicoutimi, Sherbrooke, Laval, Montreal, are not satisfied with the situation, and denounce that discrimination, which we shall try and correct, the minister of immigration calls my young fellow Canadians young punks.

The young punks are certainly not in Chicoutimi. The Minister of Manpower and Immigration, came here, from a trade union representing 200,000 members, to save confederation; what is he doing in this house? For the last ten months, this trade union, the C.N.T.U., through its leaders, Messrs. Pepin, Sauvé and many others have been urging the government to settle their problems, to define what has not been defined by legislation, to correct the wrongs done by the jurisdictional decisions of the Canadian Labour Relations Board to certain classes of Canadians, with regard to trade union freedom and the liberty of the workers; to define the units of bargaining and to recognize them naturally and locally. What did the Minister of Manpower and Immigration do? Nothing at all; he forsook his 200,000 subalterns whom he served when he was the leader of the C.N.T.U.

The Acting Speaker (Mr. Rinfret): Order. I regret to interrupt the hon. member but his time is up.

Mr. Laflamme: Mr. Speaker—

The Acting Speaker (Mr. Rinfret): I am sorry, but the time allotted to the hon. member for Sherbrooke has expired.

Mr. Laflamme: Would the hon. member answer a question, with the consent of the house?

[Mr. Allard.]

The Acting Speaker (Mr. Rinfret): I shall ask the unanimous consent of the house so that the hon. member for Québec-Montmorency (Mr. Laflamme) may put a question to the hon. member for Sherbrooke. Is it agreed?

Some hon. Members: Agreed.

Mr. Laflamme: I would ask the hon. member for Sherbrooke who criticized the Minister of Manpower and Immigration (Mr. Marchand) a moment ago for certain justified statements he made in Chicoutimi—

Mr. Allard: You too.

Mr. Laflamme: —what he thinks about quite similar statements made by one of his supporters, the mayor of his city, Mr. Nadeau, last Monday or Tuesday. He spoke to the same effect as the Minister of Manpower and Immigration.

Mr. Allard: Mr. Speaker, I note that the hon. member did not read verbatim the statements of the mayor of Sherbrooke which were not made in the same light or in the same circumstances as those of the Minister of Manpower and Immigration.

Mr. Laflamme: It was the same thing.

Mr. Allard: What the mayor of Sherbrooke railed against was the irresponsibility—

Mr. Béchard: Exactly.

Some hon. Members: Hear, hear.

Mr. Allard: —of some individuals. You are applauding here but go before your young compatriots of Laval. What they want is a special status and equal treatment for Quebec. They have had enough of being pushed around by those who come to the House of Commons and forsake them and their aspirations to further their own ambitions, like the hon. member who just asked that question.

Mr. Knowles: It is the same thing.

[*English*]

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I wish to make some comments this afternoon while we are debating the merits of the mini-budget, and I can assure you they will be as relevant to the subject as the last speaker's remarks. Let me make a few observations regarding the Canadian Broadcasting Corporation and the von Thadden incident to show the amount of double talk that pervades the operations of the organization. In fact it is

present in so much of its activities it should be adopted as its trade mark.

Early in January it was announced that a leader of a small German party had been invited by the C.B.C. to come to Canada and take part in a national network show, of course at the expense of the taxpayers of Canada. A considerable uproar followed this announcement and some well justified complaints were made. In response to the complaints that were made regarding this announcement that von Thadden was to be brought to Canada, the president of the C.B.C. issued a statement. I have in my hand a copy of this statement which was provided by the C.B.C. information services. The statement is dated January 16, and leads off as follows:

> The following statement by President Ouimet was released to the Canadian Press in Ottawa; C.B.C. news rooms; and dailies in Toronto after 7:40 p.m. January 14, 1967—

Mr. Ouimet was commenting about the fact that the C.B.C. decided not to bring Mr. von Thadden to Canada because of the opposition which arose following the announcement of the C.B.C. In the last paragraph of Mr. Ouimet's statement we find these very interesting words:

> This action does not mean that the corporation will abrogate its responsibility in terms of the principle of the right of the Canadian public to information.

These are noble words, almost fit to be carved on some tombstones, but I will not mention whose. I will repeat them:

• (12:40 p.m.)

> This action does not mean that the corporation will abrogate its responsibility in terms of the principle of the right of the Canadian public to information.

We have been rising in this House of Commons for the past five years asking for information on how the C.B.C. operates, and always getting the same answers; either that the C.B.C. is in a competitive business and never divulges this kind of information, or that the salaries or payments made to stars on the C.B.C. payroll are never divulged.

For instance, I asked how much money was paid to Mrs. Baskin, whose husband was a private member of the House of Commons, and how much was paid to Mrs. Sauvé. The reply was quite interesting. I got the answer as to how much was paid to Mrs. Baskin, in which I had no interest whatsoever, and was told I could not get the answer with regard to Mrs. Sauvé because the C.B.C. did not divulge that kind of information. Talk about a two way answer on the same subject. This is an example of it.

At the time Mr. Ouimet was making this high sounding statement on behalf of the C.B.C. the hon. member for Prince Albert (Mr. Diefenbaker) asked a question of the Secretary of State (Miss LaMarsh), who answers in this house—I do not like to say she "answers", but she represents the C.B.C. in this house. I will not say she answers for them because the answers are always the same, that it is not in the public interest to divulge anything regarding the C.B.C. On January 16 the hon. member for Prince Albert rose in his place and asked a question of the Secretary of State. Part of her answer can be found on page 11819 of *Hansard* for that day. It was as follows:

> But there is the principle of respecting the right of the Canadian people to know what is current in the world—

That was the answer given by the Secretary of State of the Canadian cabinet regarding the von Thadden episode.

It was at this very moment that a Toronto newspaper came up with the interesting discovery that two stars on the C.B.C. John C. Ricker, M.A., of the Ontario College of Education, and John Tupper Saywell, Ph.D., of York University, Toronto, were the joint authors of a book "Nation and Province." I have photostat copies of pages 58, 59 and 60 of this book in my hand. These gentlemen devote a couple of paragraphs to parliament and the press. I have been in the press business all my life, 40 years with Canadian newspapers and Canadian magazines, and feel I am entitled to speak on behalf of Canadian newspapers and the Canadian press.

I object strongly to the idea put out by these two gentlemen who appear regularly on C.B.C. On page 59 of the book, when commenting on the giving of information about parliament, these men have written that newspapers being in private hands, and private radio stations being in private hands, "they may well be reluctant to print or broadcast news or opinions which could have an adverse effect on advertisers' interests."

On page 60 they talk about the "dangerous tendency toward centralization." These are two comments made by these C.B.C. stars regarding private industry which produces in Canada the newspapers and magazines as we know them today. I would like to ask, what is

the dangerous tendency toward centralization? We see it going on in all fields of activity. I do not know that it is dangerous. I do not know why Messrs. Saywell and Ricker should have the audacity to think that because they want to use the adjective "dangerous" in connection with centralization in the publishing world, it becomes dangerous. It is not ipso facto simply because these two men wish to make a comment of that nature.

Before I proceed to their extolling of the merits and virtues of the C.B.C., in their own eyes, I would like to refer to a very unfair attack that was made on three Canadian press representatives last fall through the medium of a C.B.C. commentator, Knowiton Nash. I have in my hands, provided to me by the Canadian Broadcasting Corporation's Toronto office, 354 Jarvis Street, under date of October 12, 1966, the text of a broadcast by one Knowlton Nash on the national news, August 11, 1966. In the cource of his remarks Mr. Nash created the impression that anyone who accepts free transportation or hospitality from anyone is their slave, is indebted to the host and will report only in a manner acceptable to the host.

Speaking of these three Canadians—and I will make direct reference to a personal friend of mine although I know two of the gentlemen very well—Mr. Lubor Zink of the Toronto *Telegram*—Mr. Knowlton Nash, who is paid by the C.B.C., commented about their flying to Saigon and pointed out:

> The United States agency says that it does not want to identify the newsmen because it says this might lessen their credibility.

He stated that the action of the United States information office in asking these three men to fly to Southeast Asia was in the best press agency approach. During his comments he remarked that they would, of course, be favourable to the host. If Knowlton Nash is so certain in his opinion that people who accept the hospitality of the bureau of information of the United States will be favourable to that bureau or to the United States, what about the C.B.C. that has flown hither and yon both French crews and English crews in Canadian government planes whenever a minister travels abroad or has anything to do somewhere in Canada? If these newspapermen will be influenced by the hospitality shown to them by hosts such as the information bureau of the United States, what about the C.B.C. commentators who are flown hither and yon with government officials, with the government picking up the check?

[Mr. Cowan.]

I cannot see for one moment how the C.B.C., through Knowlton Nash, can comment in this way with respect to private newspapermen when it is simply a case of the pot calling the kettle black. I cannot see any justification for the attack made by Knowlton Nash on August 11 last. These three men, two of whom are well known to me, are independently minded gentlemen and can be counted on to express their opinions whether or not they were the guests of some would-be host at any time.

To come back to Mr. Saywell and Mr. Ricker, I would point out that after they paid their respects to the operators of private newspapers and raido stations in Canada on pages 59 and 60, after referring to the "dangerous tendency toward centralization" they go on with these choice words on page 60:

> The Canadian Broadcasting Corporation, owned by the government and the people of Canada, does an admirable job in keeping the public informed on events in parliament; being the servant of public rather than private interests, its news is impartial.

I did not know I was going to be speaking on the mini-budget this afternoon, but I wonder how many hon. members heard the marvellously impartial newscast of the C.B.C. last night. Maybe the opposition did not know this. According to the C.B.C. last night and this morning, the four opposition parties ganged up last night to defeat the government by a vote of 87 to 75. That is straight from the C.B.C., which according to Mr. Ricker and Dr. Saywell is keeping the public informed. What kind of reporting is that? I admit that the four opposition parties ganged up in an effort to defeat the government last night, but no responsible, self-respecting newspaperman in Canada wrote such a phrase as "the four opposition parties ganged up to defeat the government last night." When the newspaper reporters' reports are available later today I am certain you will find that they said "the four opposition parties ganged up in an effort to defeat the government."

That is just one episode in the news reporting of the C.B.C.—it can be multiplied a thousand times in the course of a year—which illustrates the inaccuracy of the reporting of the C.B.C. Yet Mr. Ricker and Dr. Saywell said:

• (12:50 p.m.)

> The Canadian Broadcasting Corporation, owned by the government and the people of Canada, does an admirable job in keeping the public informed on events in parliament; being the servant of public rather than private interests, its news is impartial.

Has anyone ever tried to get anything out of this public servant? The answer comes saying that that kind of information is not given, that this is a competitive business and they cannot divulge such information.

Relying on the forthright statement of President Ouimet that this action

—does not mean that the corporation will abrogate its responsibility in terms of the principle of the right of the Canadian public to information.

And relying on the statement made by the Secretary of State which reads as follows:

But there is the principle of respecting the right of the Canadian people to know what is current in the world—

I filed a question with the clerk of the house asking the Secretary of State how much money the C.B.C. had paid Professor Saywell and Professor Ricker year by year during the past five years. I did not wish to indicate thereby that the high opinion of these two men for the C.B.C. was based on the money they had been paid. I just wanted to point out that if Mr. Lubor Zink may be influenced by the fact that he is given a free trip to southeast Asia, it is possible that the high opinion of the C.B.C. held by these two men might be based on the amount of money which has been put into their pockets.

Hon. members at that time did not see the answer that came back from the C.B.C., and I must thank the Secretary of State and her parliamentary secretary for being so kind as to show me the letter. It said, despite the statements of Mr. Ouimet and the Secretary of State, this information had never been given in the past and they do not believe that it should be given at this time. If that is not double talk in its purest and simplest form then I do not know the meaning of double talk.

Hon. members saw and heard the Secretary of State rise in the house the other day and ask me whether I would not withdraw the question because the C.B.C. had not been in the habit of giving this information in the past. She did so in spite of the statement she herself made that there is the principle of respecting the right of the Canadian people to know what is current in the world. I said I would transfer the matter for debate, and hon. members will find at page 39 of today's routine proceedings my motion No. 200. I would have waited to discuss the matter perhaps a couple of months from now after the house leader arranged for it to be brought up when the subject was dead, but having the opportunity to speak on the mini-budget today I wish to draw this matter to the attention of the Canadian public so they can see the duplicity and double talk which pervades the operations of the C.B.C., and I have given the house a couple of examples. I certainly would like to know how much money was paid to Messrs. Saywell and Ricker during the past five years, year by year, just so we will know whether their opinions are as pure, unadulterated and free as those of Mr. Zink, Mr. Henderson and the third gentleman who went overseas at the expense of the United States government.

I do not wish to speak at any length on the mini-budget, but I should like to put a question to the Minister of Transport, although I do not expect to receive an answer from him before the vote is taken. Three or four years ago when I was a member of the transportation committee a bill was brought before us to incorporate the Ottawa Terminal Railway Company. One of the clauses in that bill specified that there would be a monopoly operation of the taxicab service at the proposed new Ottawa station. Quite a few of us are incensed at the monopoly operation of taxicab service out of airports throughout Canada stretching from Victoria to St. John's, Newfoundland. This is taking place despite the fact that the cabinet talks about free enterprise and the competitive system, and while they do not allow the setting of prices by competitors. They have a law to prevent collusion by competitors but whenever competition rears its ugly head around an airport or a station it is amazing how quickly the cabinet forgets its dedication to free enterprise and the competitive price system.

When the Ottawa Terminal Railway Company Bill was brought before the committee and objections were raised to the last clause, we were told that it would be struck out. I must give credit to the Minister of Transport for having seen to it that the clause was struck out. We were then presented with a new bill in which the late member for Hull, a highly regarded friend of mine, Alexis Caron—I am sorry he is not with us now —raised an objection to the composition of the board of directors. The bill never did come before the House of Commons. We waited for a new bill with regard to the Ottawa terminal station but it never came forward, and now we are told that the new Ottawa station is being run co-operatively by the C.P.R. and the C.N.R.

Recently when coming off the train in the Ottawa station I noticed with interest that there were starters for the Blue Line taxis, of which there were about 20, to take the travellers to their destinations. I should like to ask the Minister of Transport whether we have moved again into the field of a monopoly operation by a taxicab company in the new station. When I spoke to one of the starters on the platform he informed me that that taxicab company had just got the contract. This means that another monopoly is in operation right here in Ottawa under the nose of the cabinet.

I would like to see a little more faithfulness on the part of the cabinet to the doctrine of free enterprise and competition in business, particularly here in Ottawa. I will not go into a discussion of the Malton airport at this time; there may be another occasion for that.

Before I conclude I should like to ask the Minister of Manpower and Immigration, who I believe is doing a magnificent job and certainly is giving satisfaction to a large number of newcomers to Canada in Toronto and in the riding of York-Humber, whether he will be introducing a bill before this parliament is prorogued which will make naturalized Canadian citizens the equals of native born Canadians. At the present time a naturalized Canadian citizen can lose his citizenship by one means or another, while this cannot happen to a native born Canadian. We have been promised that amendments would be brought to the immigration bill which would remove this anomaly among Canadians. We have been promised this in four consecutive speeches from the throne.

The opposition pointed out that in 1919 the Liberal party moved a motion with regard to medicare. I looked up that motion, and found it reads that the Liberal party favoured medicare when the nation could afford the cost. The opposition conveniently dropped that last phrase and simply stated that the Liberal party favoured medicare in 1919 and it took us until 1966 to get around to it.

I have sat through four speeches from the throne in which we have been promised amendments to the citizenship and immigration laws so that naturalized Canadian citizens would not be subject to loss of their citizenship for any reason whatsoever. This has never been introduced to the house. I am sure if it were brought forward it would be passed in no time. I cannot imagine anybody in the opposition, and certainly no one on the government side of the house, objecting to such a bill; yet after being mentioned four times in speeches from the throne it has not yet come forward. Do we have to wait for another 47 years, like the medicare bill, to have this anomaly removed? Can we not let our naturalized Canadian citizens realize right now that they are the equals of native born Canadians once they have gained Canadian citizenship by observing the laws and regulations of this land? As it is now, if certain regulations are broken the citizenship of naturalized Canadians may be taken away from them.

I have had personal experience with this in connection with some Italians who were advised by the Department of Citizenship and Immigration that they had lost their citizenship status. The matter was drawn to the attention of Hon. Guy Favreau, the magnificent former minister of immigration, and was corrected at once. I do not believe this situation should be allowed to continue. Every naturalized Canadian should have the same rights as a native born Canadian, and that includes no loss of citizenship unless it is forsworn.

The Acting Speaker (Mr. Rinfret): Order. It being one o'clock this sitting is suspended until 2 p.m.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 2 p.m.

FINANCE, TRADE AND ECONOMIC AFFAIRS

NINTH REPORT OF STANDING COMMITTEE

Mr. Ovide Laflamme (Québec-Montmorency): Mr. Speaker, may I have the consent of the house to revert to presentation of reports by standing and special committees?

Mr. Deputy Speaker: Does the house give unanimous consent?

Some hon. Members: Agreed.

Mr. Laflamme: I have the honour to present the ninth report of the standing committee on finance, trade and economic affairs, in English and in French.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like very much to take a few minutes of the time of the house this afternoon, at the end of my first year in the House of Commons, to voice some of the frustrations with which I have been surrounded since I was elected to this august chamber. These frustrations, it seems to me, have become magnified by the fact that this is the centennial year in our country's history. These frustrations have been magnified further by the constant dialogue we hear, as Canadians, about a search for our identity, whatever that may be. We hear phrases such as the B and B commission, welfare, the C.B.C., housing crisis, war on poverty, pro-American, anti-American, and so on. These phrases seem to stick out, and I believe they are symptomatic of the morass of mediocrity in which we as Canadians find ourselves mired in our search for the good life.

Goodness knows, we have heard that term often enough over the past years. I believe that we as Canadians and as parliamentarians have lost track of who we are and where in fact we are going. After all, what do we mean by "the good life" for every Canadian? Is it perhaps the Christmas present of $30 per month in the form of a guaranteed income supplement referred to so proudly by the Minister of Finance (Mr. Sharp) in his mini-budget? Perhaps in his heart he feels that $30 per month is the answer to all the problems of the aged. He pointed out, and I agree with this, that he must raise taxes for some in order to make payments to those in need. I have no quarrel with that.

• (2:10 p.m.)

Am I and other Canadians to believe that we shall have the good life with the addition of 1 per cent to the sales tax on prescription drugs? Imagine that increase being imposed in face of the great amount of evidence presented to the committee of the house meeting at this time to discuss high drug costs? To give us the good life there was no change in exemptions in the mini-budget. As a result some married pensioners must pay back some of their increase. They must obey the rigorous income tax laws of Canada. Is this the good life for all Canadians? It makes one wonder.

We hear voices from the government side, tinged with pardonable pride, saying that these are prosperous times. Are they prosperous while millions of Canadians struggle under the weight of increasing taxes, prices and debts they must assume to keep themselves and their families alive? Is this the good life? Do we have the good life when we can find $10 million to found a feature film industry but at the same time sit idly by and watch some Canadians suffer kidney failure? From this serious disease many die. They die because we do not have enough artificial kidney machines for dialysis. Here we are in our centennial year and not only do we not have enough machines, not only do we have this basic inconsistency, but we have a jury deciding which victims shall be helped and which shall not be helped by means of the kidney machines. The jury passes the ultimate sentence. Not all patients can have their uremia controlled because there is a lack of funds and equipment. Because of this lack patients see their lives ebb away. Ten million dollars is spent for films but not even $1 million is spent to save a particular group of Canadians. Yet these are prosperous times.

These are the times when treasury bench members can point their ministerial fingers with pride at the number of jobs created by the Canada-United States auto parts agreement. These ministers brush off all statistical arguments showing how many have lost their jobs as a result of the pact. Men and families suffer. After all, it is little comfort to be reminded of those who have lost their jobs as a result of entering into the pact when speaking of the new jobs brought about by the pact.

Is this the good life for all Canadians that we are proud of? Is this the heritage we shall leave our children in the second century of our history? Does the government believe the Canadian people are blind? Does it believe that the bland assurances that all is well with the world will blind the average Canadian to what is around him? The average man can see old age pensioners in substandard rooms in rooming houses, children running ragged in city slums and Indians on our reserves, their pride gone and spirit broken, huddling together in one room. I wonder sometimes whether our Indians are not trying to protect themselves from the white man's benevolence. Is this the good life for all Canadians? Is it enough, I wonder, for

the government to express regret when four or five children on an Indian reserve are burned to death and in the next breath answer a member in the house, as happened the other day, with the words: "What's the matter? Don't you like prosperity?"

Are we expressing Canadianism and the idea of the good life when we find that centennial projects include such things as providing plumbing facilities for prairie towns and putting our fighting men into green gabardine? It may be necessary for some prairie towns to have good plumbing and the amenities of modern life, but do we regard plumbing as a centennial project? Surely the aim of government should be to see that all Canadians have the good life. Instead of spending everything on material things we should spend a little providing something for the mind.

It is time that not only we in the house but people all over Canada began to build a Canadian pride, to forge a true sense of Canadian destiny. It is time we looked to see what is happening in our own country. It is time to stop being blinded by the glow of our smug self-satisfaction and confused by our national dichotomy. If we suffer from self-satisfaction it is merely a thin veneer hiding our national uncertainty. Somebody said—I forget who—" Let's stop being a nation bounded on the north by the aurora borealis and on the south by an inferiority complex." For the centennial year let us stop being French Canadians, English Canadians, German Canadians or what have you and become truly unhyphenated Canadians.

Some hon. Members: Hear, hear.

Mr. Brand: It is time the so-called English speaking parts of Canada recognized the basic fact of life, that the French were in Canada for 225 years before confederation and the British for 108 years. It is time our schools taught proper history. It should not stop in French Canada at the Plains of Abraham in 1759 and begin in English Canada when Wolfe died. It is time we started teaching our children about our country. It is a historic fact that when John Cabot sighted Nova Scotia in 1497 he did nothing to colonize it. But when Cartier sailed up the St. Lawrence in 1534 looking for a passage to the Indies he began the great story of our country. There was the great Champlain who founded Port Royal in 1605 and the settlement of Quebec in 1608. Surely we should try to forget dates such as 1759 and the deaths of two great military leaders, the Marquis de Montcalm and General Wolfe.

• (2:20 p.m.)

I believe that we in this house and certain of the schools across the country have failed in the duty to teach the children exactly what we have here in Canada. I ask my English speaking compatriots to realize that in many ways the French have a greater right to be here than we have. I believe we should recognize this fact and go on from there. I do not believe this is a time for recrimination. It is a time for toleration. It is a time to accept each other as equal partners in this great and glorious Canada of ours.

In my view we should stop wasting our energies and talents on deciding foreign policies for other countries. I believe we should start playing a role as an individual nation. We waste far too much time in this house discussing whether or not the United States is doing the right thing in Viet Nam. I find it difficult at times to put into words how strongly I feel about these things but perhaps as I grope for the right expressions Your Honour will understand the ideas I am attempting to articulate.

I mentioned Viet Nam. I believe we should stop criticizing one or other of the parties concerned and start criticizing ourselves. Regardless of the rights and wrongs of this situation, certain facts are self-evident. One of them is—and I speak as a physician in this sense—that there are men, women and children, non-combatants, in that strife-torn country who are in need of medical care and medical supplies. Instead of blaming one side or the other for what is happening I should like to see the people of Canada, not just the parliament of Canada, doing something about this situation. I know we are doing something now. But is it enough?

I should like, for example, to see the Canadian Medical Association of which I am a member encouraging doctors, surgeons and plastic surgeons to volunteer their services, as I know many of them are willing to do, for one, two or three months at a time in Viet Nam to help repair the broken bodies of the civilian population who are suffering needlessly as a result of this conflict. I am sure that not only would they volunteer their services but that the great pharmaceutical industry of this country would be willing to donate supplies to help civilians in those areas.

We can go beyond Viet Nam to other areas of the world. Help is being given now by such

wonderful organizations as CUSO, MEDICO and so forth. But it is not enough. I believe that if we as Canadians could voluntarily set out to repair the ravages of war we would do more to build a Canadian identity and give ourselves a place of prominence in the councils of the nations than all the emissaries and missions we could send to Hanoi or Saigon.

In our own country, could we not recognize honestly the extent of our housing problems? Could we not seek to ensure that all our citizens have the means to buy their own homes and that our old folks have a decent place in which to live in their declining years? There are so many areas in our own country which urgently need attention; yet we are so busy trying to solve the problems of the world outside our borders that we cannot see what is in front of our eyes. I believe it is time we found our own identity and tried to do something worth while here in Canada. Then we could hold out a helping hand to other areas of the world which need help.

As I think about this problem I think about the plumbing in prairie towns. I think of my children and what they are learning in school about the centenary. Plumbing does not seem to have any heritage associated with it. It does not seem to provide very much by way of a Canadian identity though perhaps it sets us apart from those countries which do not have plumbing. What does it do for Canadians as such?

I believe it is time in our centennial year for us to begin to honour those Canadians who for too long have remained unsung in their native land. Put their pictures on our postage stamps. It is very good to see a puffin or a loon or other wildlife of our country. But how about some of those people who have done so much? How about Pierre Radisson?

Mr. Côté (Longueuil): Next year; 1968.

Mr. Brand: I am pleased to hear it. I believe that in every possible way, not only on our stamps but through broadcast and other media, we should put the lives of great Canadians into proper perspective in song and story and allow our children to see that there really are Canadians whose lives and works are just as fascinating as those of Daniel Boone or Jessie James.

I mentioned Pierre Radisson. I might mention another man in whom I am perhaps even more interested because he was essentially a physician. Since the Postmaster General (Mr. Côté) is here I would point out that Canadian physicians have not fared well in having their likenesses placed on postage stamps. I believe that Alexander Graham Bell was so honoured at one time, but his doctor's degree was an honorary one.

An hon. Member: Charles Tupper.

Mr. Brand: Charles Tupper was on a stamp because he was at one time prime minister. It is true he was a doctor. But what about Sir William Osler? What about Robert Tait Mackenzie? Hon. members ask: Who is Robert Tait MacKenzie? Many people will not know anything about the life of this great Canadian. Most people will admire what he has done without realizing to whom their admiration is directed. Let me give a brief biographical sketch of this great Canadian. He was born in Almonte, Ontario, on May 26, 1867, 100 years ago, and like so many of the geniuses nurtured in Canada he died an expatriate in Philadelphia, Pennsylvania, on April 28, 1938. Despite the fact that Dr. MacKenzie spent many of his working years in the United States he remained a Canadian in every way. Every summer throughout his sojourns below the 49th parallel he returned to Almonte to the home he called The Mill of Kintail, named after the ancient seat of the clan MacKenzie.

• (2:30 p.m.)

Why, you may ask, is Robert Tait MacKenzie worthy of centennial recognition? I see that the Postmaster General wonders too. In 1892 he graduated in medicine from McGill University and, because of his intense interest in physical education, became the first professor in charge of physical education at that institution. His work in the field of physical education became known through many publications and was continued at the University of Pennsylvania and indeed all across the free world. He was in fact one of the prime movers in emphasizing the need for a healthy body to house a healthy and alert mind. A classmate in his early school years by the name of James Naismith, who also became a physician, went on to fame in the United States as the founder of the game of basketball.

While Tait MacKenzie was carrying on his duties as medical director of physical education at McGill University he was also teaching anatomy. He looked for a better method by which to teach anatomy to his students. He had a hobby, that of sculpture, and he decided to put that talent to use in the anatomy

laboratory as a means of teaching his classes. He did sculptures of various parts of the human form in order to illustrate his points. It was not long before these rough clay models were recognized for their intrinsic beauty as well as for their practicality. Following this he enlarged his work to include sculpture of athletic forms considered by many to be the finest of their kind since the days of the classical Greek sculptors.

It is an interesting aside and of great importance to me in Saskatchewan that the figure of the swimmer on the top of the trophy for intercollegiate swimming in western Canada was donated by Robert Tait MacKenzie. This statue has become famous as "The Plunger". If you should see a statue of a swimmer it would likely be a copy of this piece of sculpture. His work and fame as a sculptor grew until finally his sculpture took him literally around the world. Among his works are included the Scottish-American memorial at Edinburgh, the statue of General James Wolfe in London, the "Youthful Benjamin Franklin" at the University of Pennsylvania, and many, many more. Members of this house who are not familiar with his work may see the statue of Captain Guy Grummond in the archives in this city and, in the foyer outside this chamber, the heroic statue of Lieutenant Colonel George Harold Baker, M.P., executed by Robert Tait MacKenzie.

Despite what this man did in his lifetime there is no argument that he did not receive the honour due him by his countrymen. It seems only fitting that this authentic genius of Canadian birth who had great pride in Canada should on the centennial of his birth and in the centennial year of our history receive from his countrymen the honour that was denied him during his lifetime. What this honour should be I leave to the Secretary of State and to the centennial commission. I am sure the minister, in co-operation with the Canadian Medical Association and the council on health, physical education and rehabilitation, can come up with a fitting memorial for this great genius. His sculpture has been given to the world. His fellow countrymen should recognize its origin.

To my French speaking friends let me say that Robert Tait MacKenzie believed very much in the importance of French culture within our nation. One of his first accomplishments was to become proficient in the French language, so much so that at one time in his career he was invited to France by the government of France, which of all the European continental countries appealed to him most. As a result of this invitation he helped to put in practice in France a system of rehabilitation which assisted in restoring the manpower of that country after the devastating losses of the first world war.

His home, The Mill of Kintail, still stands. Many members here may have seen it. Many of his original works still decorate the studio. This is due not to government help but to the interest of the present owner of the mill, Colonel James F. Leys. I should like to see something done in our centennial year to honour this man.

There are many other Canadians who fall in the same category and perhaps could become household words so that when the children come home from school they will say, "Did you hear about so and so? We learned about him in school today." I think we must do these things now in our centennial year. We should do something within our country to build a true Canadianism—one country, one Canada, with all citizens having equal rights. We should do something to honour those who in the past have helped make Canada the great nation it is today.

Mr. Heath Macquarrie (Queens): Mr. Speaker, in my opinion this is an important debate, dealing as it generally does with a variety of important subjects and with discussion of a general nature. I think it underscores a fact which never should be forgotten, that parliament is something more than a mere legislative mill which eventually turns out the emissions of a government in legislative form. This chamber is a body which seeks and must seek the views, and give thought to the concerns, anxieties and needs, of the people who send us here. Before we had responsible government we had representative government. I think that in our general debates we emphasize the representative aspects of our democratic structure.

As usual in debates of this kind, and as usual with regard to most constructive utterances in this chamber, the speeches which have been made in this debate have been given little attention in the press with its proclivity for the controversial and sensational and its seeming indifference to the reasoned and the reasonable. Yet in my opinion the remarks by members in the various parts of the house during the past few days have been valuable contributions to important public issues. I say that about many of the speeches I have heard and have read, and I certainly say it about the one just delivered

by the hon. member for Saskatoon (Mr. Brand).

• (2:40 p.m.)

When one intervenes in a debate at this stage there always is the difficulty that so many things which one would like to say himself have already been said. I can only express my agreement with many of the contributions which have been made. The hon. member for Royal (Mr. Fairweather) and the hon. member for Brome-Missisquoi (Mr. Grafftey), especially the former, spoke about the procedures of this house. Their comments were thoughtful and I think useful. We must be concerned about the efficiency of our procedures. Smoothness of the operation of this body is not the be-all or end-all—far from it. I would rather we remained hopelessly archaic than that we whittle away or diminish one bit of our freedom of expression. But we do not ensure democratic values by enshrining inefficiency. I think the hon. member for Royal was very helpful to all of us in outlining some important and valuable projected improvements in our procedure. I shall only mention two aspects of this field which are elementary and elemental.

By now we should realize that sessions of parliament are year-round operations. We find now that it is 13 months since we began this session. In other words, the calendar year is not long enough for the parliamentary year. Surely we must recognize that this is a year-round business and schedule our adjournments for appropriate preconsidered times so that they are not subject to constant hit or miss, hope and happenstance, with the result that we never know when we might or might not end a certain session.

I also believe, and this is becoming an old chestnut with me, that we have to look at our voting procedures. During the last vote I attended in this house not long ago—I do not miss very many—I sat for 49 minutes while the bell rang and rang and rang. I do not mind being up so late at night or hearing bells ringing in my ears, but even I could find more useful things to do than sit and wait while bells ring. In this case, after 49 minutes of waiting, I stood up and announced that I was paired with an hon. member who had missed the bell-ringing session. I think we could entrust our democratic procedures to an electronic voting device. We could wait five minutes for the vote to be taken and then cast our votes in five seconds.

Someone told me after the last suggestion I made along these lines that I was doing some personal pleading. At one time I was accused of being embarrassed and red in the face because I voted with the New Dtmocratic Party. Let me defend myself and recall that I suggested this procedure long before the time the New Democratic Party was so abundantly right that I voted with them.

The hon. member for Peace River (Mr. Baldwin), spoke about constitutional developments or the lack of them. I have been disturbed in recent months after the former premier of Quebec torpedoed the Fulton-Favreau formula despite his earlier commitment to it and despite approval by all other legislatures. In the past we have looked for initiative from the national government and the national parliament. I am proud that recently Premier Robarts of Ontario has taken an initiative, but I regret that it was necessary for a leader in the provincial arena to give the lead in matters where the initiative lies with the national parliament, with the national government and with national leaders. But in the vacuum which he as an intelligent Canadian saw, he took an initiative which I heartily welcome.

We should have set up a constitutional committee long ago and we should have invited the legislatures to do something similar. We have great and important problems of a constitutional nature and we should not have sat inert and relaxed during the months which followed the demise of the Fulton-Favreau formula. I salute Premier Robarts in this connection. He has shown himself as a great Canadian. I believe Canada can rejoice in the fact that during the last few years the populous and prosperous province of Ontario has not been led by a Mowat or a Hepburn. Had that been the case the frail fabric of federation might have been badly sagging by this time.

It is now 13 months since this session began and I have been distressed by the paucity of discussion on external affairs. I am convinced that there is a strong desire on the part of the great majority of members in this house to give the widest possible degree of support to the execution of our nation's foreign policy. Irrespective of the label which is borne by the party in power, I believe there is a genuine feeling, which has been in existence for a long time, that our foreign policy should be bipartisan, multipartisan or possibly non-partisan in so far as it is practically possible.

I am convinced that the Secretary of State for External Affairs (Mr. Martin), sometimes described as a "former political person",

agrees with the virtues and values of departisanizing our foreign policy. In this assumption, because I believe him to be a sincere and able internationalist, I offer him a suggestion or two which are intended only to be helpful. I regret that he is not here. When he is not here I do not vote, but I have not taken that self-denying ordinance in so far as talking is concerned.

In the first place, although his practised skill in evasive equivocation is always appreciated as an art form, and it truly is, it is not always universally beneficial to a broadening of the base of parliamentary and public support of his government's actions on the international scene. The broadening of such support should be a goal toward which he should strive. In a word I would say that he should be more forthcoming in his answers to those members who seek information on the many vital areas of Canada's external affairs policy. There is no one in this house, I am sure, who would hesitate for a moment to take on the mantle of silence if he believed that silence, per se, would be conducive to any worth-while accomplishment in our diplomacy. Sometimes I fear that my good and long-time friend, the Secretary of State for External Affairs, shows an increasing tendency to invoke the aura of high confidentiality around foreign policy areas and incidents which at some times are widely discussed outside this chamber.

How often are we enjoined here in this house to maintain silence on the Viet Nam question lest some imminent solution or impending accomplishment be destroyed utterly by the slightest reference to it in this parliament? We are made fearful lest a phrase, sentence or syllable might mar some impending achievement. Yet Mr. Ronning speaks publicly. How often have we been enjoined to silence in this chamber when later during the same day we have turned on our television sets and heard senators of the United States evoke from the secretary of state, Mr. Rusk, fulsome answers, or indulge in the quizzing of Mr. McNamara, or the eliciting and publicizing of views of a very distinguished newspaperman, Harrison Salisbury? If in the United States, where great responsibility for world affairs resides, their democracy may be so functional as to allow, and indeed encourage, full discussion of vital areas of diplomacy, surely we here, whose responsibility is less, need not be inhibited from exploring and discussing our role in this issue, which of course concerns us although naturally it does not concern us primarily.

[Mr. Macquarrie.]

• (2:50 p.m.)

I think that candour and earnestness in the discussion would be valuable. I believe that the external affairs committee should be much more active than it is. I think we should be examining in depth various aspects of our country's foreign policy and drawing upon the expertise of specialists in world affairs. I am happy that committees generally have become more active and more useful on the parliamentary scene, although I think we have to use a little bit of skill in organizing their schedules. There seems to be something wrong when for many, many weeks no committees are sitting, and then we have a great splurge when there are more committees sitting than members to go around or rooms in which to hold them. But I see an increasing initiative within and on the part of committees, and I think this is to be welcomed. I do not think the external affairs committee should content itself with merely examining the estimates of the department. I think we should move into great questions and help to further our own knowledge and give leadership to our people.

In the far off days of Mackenzie King and O. D. Skelton foreign policy was regarded as something so esoteric as to not really to be suited to the amateurs, members of parliament, let alone the public. Such an attitude was deplorable then but at that time our role in the world was not so important as to make our diplomatic efforts of much significance. It really did not matter too much whether Mr. Skelton and Mackenzie King handled it all themselves or whether there was the odd reference to it in parliament. But things are different now. Canada has a different role and there is a relationship between public opinion and foreign policy. The public, which always had a stake in the decisions of the diplomats, now has far greater influence on the decision-making than ever before. Canada is not a great power; we do not have great power roles; we do not have big power responsibilities. But we are capable of making an impact upon the world.

I think we must do all we can to strengthen our role, to make more valuable our contribution. I think that we as parliamentarians could enrich our knowledge and increase our participation in discussions which will lead to the most meaningful policies. We talk often about the various stages in our foreign policy development, how we began in the early days of nationhood with no policy, how people like

Borden led us into an era of responsibility on the world scene, how we carried on in an isolationist attitude in the League of Nations and did nothing while talking about American isolationism at the same time.

In the post-war era, under Mr. St. Laurent we took a positive and valuable role. Perhaps we are now at a stage where we should do something more fundamental in re-examining the situation. I am always a little ill at ease when I hear people say, "Isn't it wonderful that we are so much more popular than the Americans, and that no one dislikes us?" I think possibly we are at a stage of our development when we may have to risk being disliked somewhere in the world as we try to give meaning to the things that we believe are important in world affairs.

I would like to see us take part in a thorough analysis of our role in NATO. What about NATO itself? The dry words of the treaty of 1949 are not of themselves sufficient. What changes should the alliance undertake? What changes does Canada envisage for the alliance and for its own role therein? I wish the minister were here, because he and I used to be companions of the order which supported Canadian membership in the Organization of American States. I have kept my membership in that group intact but I do not think the minister belongs to the club any more. I would like to know why. I was hoping I would be able to salute and applaud him as he led our country into a greater role of hemispheric responsibility. Has he forsaken his belief in Canadian membership, or is it yet to come?

I wonder, too, whether we are taking sufficiently careful note of what is taking place in the United Nations. Is the United Nations itself abandoning what used to be regarded by us as its most hopeful field of operation, namely, the peace-keeping role. Things which have happened in the general assembly of the United Nations cause me grave disquiet. Are we adopting our foreign policy vis-à-vis the United Nations to an attitude which that body has itself abandoned? I am concerned about that.

There are many areas of possible Canadian initiative. What is the status today of the one China, one Taiwan policy? It is an interesting question. Have we yet been able to find a meaningful measure to register in a practical way Canadian disapproval and distaste for the actions of the Ian Smith régime in Rhodesia? Unless that which we are doing on the international scene or in the Commonwealth context has some meaning when applied to the object of the action, it is useless. We should either look for something meaningful or advise our Canadian people that no meaningful role has been found.

Should we be more specific in our external aid programs? Are we spreading our own resources too thin? Should we, for instance, undertake a special role for the small islands in the West Indies to the solution of whose economic and political problems we could make a meaningful and perhaps decisive contribution? I am convinced that there is no part of the world whose future both economically and politically depends more upon Canada than those small islands to the south. I think we should launch into a program that is imaginative, that is new, that is massive. A step has been taken, and we welcome it. But those islands are much more than places for fun in the sun; they are places which will have great difficulty in surviving. This might give us a great opportunity to make the Commonwealth idea mean something more than a mere good will expression in an after-dinner speech. I should like to see us face up to the ultimate responsibility for the small islands in the Caribbean and offer them every economic and political aid that they will accept.

• (3:00 p.m.)

There are many other problems which I think are ripe for discussion and which the people of Canada would like us to discuss. Some of us believe that Canada would improve its effectiveness on the diplomatic scene by developing full diplomatic relations with the Vatican State, and perhaps it is best that someone from the reformed religious tradition give utterance to that view and underscore the fact that the Vatican State is much more than the seat of a great religious leader. It is a political entity, it is a state among the other states of the world, and I think we could enrich our role greatly and enhance our effectiveness by developing diplomatic ties of a closer nature than we have at present.

There are a host of questions calling for serious appraisal and sustained discussion. I think we limit our effectiveness in the world if we fail to ask questions and seek solutions. I see an item on the order paper relating to the external affairs committee. I agree with my colleague that it is not necessary for the committee to be set up or put in operation by the minister or the Prime Minister. I believe

that with greater effectiveness, greater research and a more searching inquiry as to our goals we will bring external affairs out of the area of casual reference and equivocation. I believe we can move toward greater leadership for our country in the world and within this country by those of us who are on the national political scene. I would invite the minister, who is a good minister, to be more fulsome, more frank in his discussions with us.

Miss LaMarsh: Did the hon. member say more full?

Mr. Macquarrie: Would the minister prefer me to say "more full"?

Miss LaMarsh: I think "frank" is fine.

Mr. Macquarrie: Perhaps I should say: not so full but more frank.

Miss LaMarsh: Fine.

Mr. Macquarrie: The Secretary of State is living up to her reputation. She knows what to say at the right time and she uses the right word in the right place. We want more candour and more frankness. If the Secretary of State for External Affairs were more frank and more candid perhaps we would not object to all the time he takes. However, we must be kind to the minister who is not here today. Speaking in all seriousness, there is room for strengthening our role in foreign policy by drawing upon the house, the committee and all concerned members of good will in the house who are anxious about our foreign policy, who wish to help and who know that our people are becoming concerned about this matter. Foreign policy is no longer ignored as it was once because, if nothing more, the so-called instinct of preservation would drive us for we all know how fatally we would be affected if the avenues of peace were forsaken for that which it is too dreadful to contemplate.

Mr. C. F. Kennedy (Colchester-Hants): Mr. Speaker, I rise at this time to make a few comments in this debate which I feel was not necessary because I do not think a mini-budget between regular budgets is necessary for the simple reason that it comes on the eve of the annual budget. Under the arrangements made with regard to the old age pension supplement the payments will not go out at least until the time the next budget is due. Furthermore, there is an accumulation of funds in the old age security account which would allow the payments to be made until such time as the annual budget is brought down.

What concerns me most is that this budget has directed the attention of the taxpayers of Canada to the fact that its purpose is to support the old people of this country. I think this is grossly unfair. If the government is going to single out certain people to budget for especially and to whom special attention must be paid, then I believe the government should go further and do the same in other areas. It should bring down special budgets to cover the costs of expensive royal commissions to which the attention of the public is not drawn too often. For example, the current commission on bilingualism and biculturalism has cost this country now well over $10 million and there seems to be no end in sight. Editorial comments have referred to it as a most expensive exercise in futility.

I am concerned about what has been taking place in recent times with regard to financial matters which has undermined people's faith in investing in their own country. We hear from the government benches diverse opinions on whether we should allow foreign capital into this country or limit ourselves to our own capital. I think that we need both, but we must put most of our efforts into encouraging our own people to invest in our own country.

The public debt of Canada is reputed at the present time to be in the neighbourhood of $1,000 for each man, woman and child. In many funeral services we are told that we bring nothing into this world and we certainly take nothing out of it, but apparently every child who comes into this world in Canada brings with him less than nothing and when he departs leaves less than nothing behind. Not only do we have an inheritance of debt but we are committed to the servicing of this debt which is getting more costly as interest rates go up. At the present time everyone is faced with a charge of $60 to $70 per year to service the debt which we inherited, and the government has made no effort to reduce it. On the contrary, even now in these good times we still face deficits.

A good example of the situation would be a person who inherits a growing farm and instead of paying his way keeps spending money and borrowing money against the property until eventually he has nothing left. Government expenditures in general are directed to consumable goods and services and they are made for things which are useful today but which in future days will either

wear out or become obsolete and have to be replaced. I think every encouragement should be given to the government to put more investment into permanent structures, something that will stand for years, such as transportation facilities and other facilities which affect the economy of a particular area.

• (3:10 p.m.)

The recent failures of financial institutions in this country have upset a lot of people. I feel that in this regard the government must move strongly in order to ensure that people who invest in what is known as the trust class of securities will have protection. There is nothing more humiliating for a person than to invest his hard earned savings and find later that the investment is worthless. I say the government should take the lead in this situation because recently there have been indications the government has not even considered honouring some of the commitments of the past. I am referring to the issue in 1936 of $55 million of 3 per cent perpetual bonds. Whether or not the people who purchased them realized they might never be honoured, I believe that as time went on people treated them as being worth their face value. Since interest rates have risen they have found that these bonds are not tradeable at face value. In other words, these people are stuck with something for which they paid $100 in 1936 only to find that in 1966 and 1967 these bonds will not bring any more than $50 on the market. If you multiply that loss by the amount of inflation which has taken place, you find that the value of these bonds is down to about $20 or $25 on an original investment of $100.

I believe this is a great injustice and should be rectified. If the minister cannot make a new issue at the present time and refund the face value of these bonds, I feel he should set a date a few years hence when these bonds will mature. This action would stabilize the market for the bonds and if people wanted to hang on long enough they would realize their face value. I believe they are entitled to some encouragement to hope that some day they will get the face value of these bonds purchased with money they had put aside in those days.

I believe that the government must provide more funds to aid the country. There should be greater government participation in education in order to assist those who are able to absorb higher education. On the other hand, those who for one reason or another are not able to pursue higher education should also be looked after and something should be done for them. Although some provision is being made now for these people, I think more could be done to bring them to a place where they could participate in the production of the country and earn a decent living for themselves and their families. In this regard the government could also help in the general development of the country in order to provide opportunities for these educated people. There are many parts of this country still underdeveloped. I did say that if Canadians perhaps put more of their money into development through private enterprise, this would provide opportunities for young people. However, private enterprise must be assisted by government in the fields of communication within the country and in trade relations with other countries.

I should like to turn now to a more local aspect of my theme. In the province of Nova Scotia from which I come there is probably more room for development with the limited resources we have than anywhere else in the country. We have an organization called the Atlantic Development Board. It was set up to deal with certain aspects of development in that area. The Atlantic Development Board is very much concerned now with studying the development of tourist attractions in the maritime provinces. In this day and age when highways are better and people have more leisure, the tourist industry is becoming one of our greatest industries.

The Atlantic provinces have much to offer to tourists. We do need more access roads to some of the assets we have there. A highway has been projected from the United States border around the head of the Bay of Fundy to the southwest tip of Nova Scotia. This highway would go through a great scenic area. As a matter of fact, much of the highway is already there but there are certain links that need to be developed in order to make it truly a vacation trail. One of these links is the crossing of a major obstacle near Truro known as the Shubenacadie River. The construction of such a crossing would shorten the mileage and also attract people to the seashore along which are the highest tides in the world as well as many other attractions which one cannot see anywhere else.

This crossing would not only be of great benefit to the tourist industry but also to the people in this area who are in reasonably close proximity, as the crow flys, to the town of Truro which is fast becoming an educational and industrial centre as well as a

health centre as a result of recently expanded facilities. It is only fair to the people in this area that they have access to this town, and a crossing of this major obstacle would reduce the mileage one would have to travel. As a matter of fact, in so far as health is concerned it would probably save lives because of the ability to get medical help quickly.

This trail, I believe, would also benefit another depressed part of that area, namely, the area to the west of Truro which has unfortunately been more or less bypassed by the development of the trans-Canada highway. It is an area which certainly needs some development. Actually it is one of the most beautiful parts of the province. Every effort should be made to get tourists into that area so that they could feast their eyes on the beautiful landscape. I would commend to anyone visiting Nova Scotia the north shore of Nova Scotia and the hundreds of miles of ocean beach which are practically unoccupied and readily accessible along the sunrise trail. Facilities are available there, land is reasonable and the municipalities will co-operate in making it economically feasible for people to move in and build cottages. The waters are warm, sheltered and shallow, suitable for swimming in the summer months and good for other water sports. I commend this area to anybody visiting Nova Scotia. They will enjoy it.

• (3:20 p.m.)

An hon. Member: Brule beach.

Mr. Kennedy: Yes, Brule beach is one place. I have mentioned the high tides in the bay of Fundy. I am glad to know that a study is being made to harness these tides to produce hydroelectric energy. It is estimated, according to experts, that the tides in and around Minas basin alone can develop enough power to heat and light half of North America. It would cost a lot of money to develop this undertaking but once developed it would operate with little cost for 100 years. The government would have to participate in the study until it can be shown to private interests that it would be profitable for them to take over and develop the project. The project would serve generations to come. It is not something which would have to be renewed twice in every generation.

It has been a pleasure to take part briefly in this debate and I thank the house for its attention.

[Mr. Kennedy.]

Mr. Barry Mather (New Westminster): Mr. Speaker, it is permissible and customary for members speaking on the budget to discuss practically anything but the budget. I shall confine my few remarks to the budget and to some of the circumstances which appear to me to influence it.

Mr. Knowles: You will need the permission of the house.

Mr. Mather: My hon. friend says I shall need the permission of the house to confine myself to the budget.

An hon. Member: Then you will not speak for long.

Mr. Mather: The Minister of Finance (Mr. Sharp) has said: "Well, we have increased the old age pension to certain old age pensioners and now we must find the money to pay for that increase." The only way to do that, he suggests, is by increasing taxes. I hope to contradict his proposition.

To show the mixed-up society we live in and the inflationary spiral in which we are involved, let me point out that before those old age pensioners most in need have received the increase their rents have gone up. We are receiving letters from old people saying their rents have been increased. This situation results from the housing shortage and not from mean landlords. The housing shortage is part of the general inflationary situation. The housing shortage means a greater pressure on rents. Rents are rising not only for young wage earners who may be able to afford them but for old people who have little to exist on. I do not blame the government for the housing shortage, though had it acted earlier and more resolutely the housing situation in Canada could have been better than it is today.

It is only fair to say that though the government might have done better the greatest factor influencing inflation in this country is generated not here but south of the international border. The United States is at war. This is the big fact in North America today. What happens in the United States affects our budget, education, pensions and production. The fact is like it or not, that the United States is at war. We are geared to a warfare state. At this time the United States is spending $55 million a day in Viet Nam, $1 billion a week for general defence purposes and $40 billion a year in general war contracts. This is

a massive injection of public money, representing an increase of debt, into the private enterprise or capitalistic system. In large measure this enormous amount of money is going into the production of non-consumer goods. One result is that there are fewer consumer goods to be bought by the greatly extended numbers of dollars in circulation.

To increase taxes in our country, particularly sales taxes, in the light of the tremendous economic influence and impact we face from the United States will defeat the purposes the minister has set forth. The minister believes that his policy is anti-inflationary. I contend, particularly in regard to the increase in the sales tax, that his policy will lead to higher prices and higher wages followed by even higher prices and higher wages, with the latter pursuing the former.

There is an alternative to increased taxes open to the government. I have been amused, as a former newspaperman, to read the editorial pages of many Canadian newspapers whose editors sagely nod their heads, agreeing with the Minister of Finance that the only way to get money for the increased old age pensions is to increase taxes. Surely there is a simple and clear alternative to increase taxes—reduced spending.

We should be like a family living on a budget. When a family decides to spend more money on one project it decides to spend less money on another. In my opinion we have a great, shadowy area, national defence, where we might well explore a reduction of expenditure. Let me quote figures for the record. In the last 20 years we have spent in the order of $25 billion on defence. We are now spending $1.5 billion yearly. In this country of 20 million people we spend no less than $4.24 million a day on defence. The total federal personal income tax for the fiscal year April 1, 1965, to March 31, 1966, was little more than $2 billion. In that same period we spent more than $1.5 billion on so-called defence. We spent a sum on defence approximately equal to three fourths of all federal personal income taxes. If we also include the hundreds of millions of dollars we spend on veterans affairs and veterans pensions, which are an adjunct of defence, we see that our total defence spending equals practically all the money received from personal income taxes. We have spent $25 billion in the last 20 years on defence. Though we have done this, and I do not think that all the money has been wasted by any means, I have yet to meet anyone who really contends that in this atomic age Canada can defend herself against nuclear attack. I believe this is an area which ought to be considered seriously before attempts are made to raise more money by increased taxes.

• (3:30 p.m.)

I should like to remind the house of the remarks made by the hon. member for Greenwood (Mr. Brewin) who spoke on the subject of defence some time ago outlining some of the economies which must be made and suggesting that in line with the realities of 1967 we should change our defence commitments in such a way as to bring about the withdrawal of our brigade and air divisions from Europe, the closing down of the obsolete Bomarc SAGE air defences, and a review of our present antisubmarine role. He went on to say that in place of today's expenditures we should concentrate on a tri-service or unified, efficient force available for peace keeping roles.

I wish to place before the house the general proposition that instead of moving toward increased taxes we should study means of reducing our expenditures. With this point in mind, I intend to vote against the budget resolutions if I have the opportunity to do so.

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, it had not been my intention to take part in the debate on the mini-budget but since I did not have an opportunity to discuss the main budget last year I felt I had a few remarks I would like to make which would be pertinent at this time. Many of the problems which face us have, of course, already been discussed at length by earlier speakers.

I was impressed by the suggestion of the hon. member for Saskatoon (Mr. Brand) that we should mark our centenary by commemorating our great Canadians by portraying them on stamps or by using other means of keeping them before the public eye for a century to come or for several centuries in Canada's future.

When dealing with budgets we naturally think of taxation. That is the first thing which comes to mind. In the past year there has been no lack of evidence as to how unpopular the government is becoming by trying to go too far too fast so far as taxation is concerned. Simple and direct evidence of this can be found in the postponement of the medicare program which had to be sidetracked and put off for a year until July 1, 1968.

The federal government has increased revenue from income tax and sales tax by about $300 million and will likely raise this sum to $500 million when the national health insurance plan comes into effect. This, of course, is one of the main causes for the rise in the cost of living in Canada until it has reached its highest point in Canadian history. The increase in the present year alone amounted to between 3 and 4 per cent. We are hoping, of course, that the government will take account of some of the suggestions which members of the opposition have put forward during the present debate and on previous occasions to bring about a halt in this inflationary spiral before our goods are priced right out of the world market upon which Canada depends so greatly for its economic survival. All these questions have been discussed already at some length but I refer to them in passing so as to re-emphasize the need to take a serious look at the direction in which we are heading in this centennial year.

I wish to turn now to a subject about which I have been concerned for a long while—our national parks policy. Over the years as a member of this house I have been advocating the development of further parks as well as the development of the tourist industry generally in Canada as one of the basic ways by which we could enhance and accelerate our economy. As we know, Canada is a veritable gem, one of the most beautiful countries in the world. In the last few years I have had the privilege of visiting many parts of the earth's surface and I have come home more satisfied than ever to be a Canadian, to look at this fine land of ours and realize what a potential it has.

If we study our economy we find that our first source of income is the pulp and paper and wood products industry and the second is the export of our agricultural products. Our third source of income—this is not realized by many Canadians—is the tourist industry. Figures indicate that in 1966 the revenue derived from tourism amounted to more than $600 million. In the present year, with the impetus given by the world fair in Montreal, it is anticipated that this figure will reach $1 billion. This shows the extent to which the tourist industry has become an important part of our economy, something to which we should continue to pay serious attention.

I have been advocating a reconsideration of our national parks policy particularly as it applies to Saskatchewan. I was very pleased when the Minister of Indian Affairs and Northern Development (Mr. Laing) told us a year ago last April that at long last it would be government policy to develop a second national park in the province of Saskatchewan. This statement naturally interested and excited the people of our province. As hon. members know, over the years we have lacked a varied basis for our economy. We have been dependent for the most part on agriculture though in the last 10 or 20 years we have begun to come into our own, thanks to attention from the government, particularly the attention paid to some of our problems by the Leader of Her Majesty's Loyal Opposition, the hon. member for Prince Albert (Mr. Diefenbaker). Having come from that province and lived there for many years the right hon. gentleman realized that we could not live by bread alone and began to develop a policy to help the western provinces and, of course, the maritimes, whose problems are somewhat similar to ours in the west. The roads to resources program was a basic part of this policy and it is paying off, as Canadians fully realize.

• (3:40 p.m.)

As I say, I was glad to hear the minister announce two years ago that we were going to have a second national park. Since then we have been waiting patiently for its finalization. You, Mr. Speaker, will remember that I questioned the minister about it in the house and on one occasion at your discretion I was ruled out of order. I then placed questions on the order paper as to why the new park was not being brought into being. So far nothing definite has been stated about when the park will be developed or where it will be situated in Saskatchewan. Again I point out to the minister that the people of Saskatchewan would like to hear soon when this development will take place. I am disappointed that it is not being developed this year as another centennial project in the economic life of this great land of ours.

A number of years ago, during the time when the party of which I am a member was in office, we discussed diversification of our economy and the desirability of having subsidiary industries located in various parts of the country which lacked industry. We in Saskatchewan felt it was a province in which there should be such diversification. Through automation our agricultural industry was beginning to increase in productivity, but our population loss was becoming very serious because we were not able to provide sufficient jobs for all the young Saskatchewanites we

were raising and educating. The young people had to leave home and move to other provinces. Our loss was the other provinces' gain. Bearing in mind the economics of human resources and the potential of having a lot of people in one particular area, I do not need to emphasize how serious was the problem to Saskatchewan.

Of course we had another problem in Saskatchewan for a number of years. The political climate there was not compatible to the retention or development of industry. The C.C.F. party there does not like to be reminded about this, but its policies were such that industry did not feel too happy about the prospects of going into Saskatchewan.

I can think of one example to emphasize this point, Mr. Speaker, where the former government of Saskatchewan took it upon itself to tax oil companies on the road allowances adjoining land which had been leased to them. This irritated some of the companies to such a considerable extent that they deliberately moved their head offices from Saskatchewan to other provinces rather than pay that unfair tax.

Many other such instances could be cited, but it so happens that we now have another free enterprise government in the province. Of course I do not think it will do quite as well as if a Conservative government were in charge of the province, because I do not feel it is doing a better job than we could in inducing industry to establish in Saskatchewan.

One of the things we greatly hoped for in Saskatchewan was the promised heavy water plant which was discussed on numerous occasions in this house. The fact that it did not materialize was a great disappointment to me as the member representing the area in which it was to be developed. It was a great disappointment to Saskatchewan as a whole, and I know it was very embarrassing to the present premier of Saskatchewan when the proposed project fell through.

To me it is passing strange that two years ago the Minister of Industry (Mr. Drury) announced that tenders had been advertised for a second heavy water plant. He said that the tenders would be considered in January, 1965. In the month of February, 1965, tenders were opened and the minister got up in the house and made a very positive announcement to the effect that the world's largest heavy water plant would be constructed at Estevan, Saskatchewan, with construction to commence about August of that year.

I do not think I need to relate in great detail the gruesome disappointment that faced the people of Estevan and that part of the province, and the Premier of Saskatchewan, when early in August, 1965, word came over the wires that Western Deuterium Limited had withdrawn its proposal. It had not broken a contract but simply withdrew its proposal to build the plant. Immediately we knew that there had not been any hard and fast agreement with Western Deuterium. The government had just taken the proposal and the minister came into this house and made a positive announcement leading Canadians, particularly the people of Saskatchewan, to believe that at last Saskatchewan was being recognized so far as industrial redistribution was concerned.

I need hardly mention also the furore which was created in the city of Estevan. This was to have been a $40 million plant. You, Mr. Speaker, can appreciate the planning that had to be undertaken in a city like Estevan, with a population of around 9,000 people, to provide the facilities that would be necessary. Such facilities normally cannot be provided overnight. Real estate began to change hands. Several contractors were starting to build apartments to house the 500 people required to build the plant and were making plans to build permanent homes for approximately 200 engineers and technical workers who would be running the plant when it came into operation. The city fathers had to call on the provincial government for support and advice with respect to municipal services that would have to be provided, water facilities, hydro, and sewage. A great deal of expense went into this preparation and it was a very great disappointment to the people of Saskatchewan and the people of this area in particular when the proposal was withdrawn.

Examining the matter in retrospect it seems to me that at that particular time the ministers responsible for national parks policy and the proposed heavy water plant must have been taking advantage of a situation in which they thought they could develop good political propaganda, because everybody seemed to anticipate that there would be an election either in the spring or fall of 1965. These great promises, headlined in the Saskatchewan daily newspapers and supported by the Premier of Saskatchewan himself, made it look as though the federal Liberal government was on its toes and would finally do something for our great province. I maintain that the government now owes us something

to compensate for these disappointments, particularly the disappointment over the proposed heavy water plant. Once again I strongly urge the ministers concerned to take serious cognizance of these remarks.

• (3:50 p.m.)

Another matter it is pertinent to mention at this time is Expo '67, which is referred to so often in the House of Commons and of which we are so proud as part of our centennial celebrations. During the Christmas holiday I had the pleasure of visiting our great sister nation to the south for a couple of weeks. I was relatively far south for a period of a week or two. When I mentioned our centennial celebrations and used the phrase "Expo '67", no one seemed to know what I was talking about. They said, "What does that mean?" They were not familiar with the expression. On the contrary, when I spoke of the world fairs at Brussels or Seattle or the recent one in New York city, they knew what I was talking about. It was necessary for me to go to some length to explain that Canada is celebrating its one hundredth birthday and that as a part of the celebration we are developing what we hope will be one of the greatest world fairs in history.

Just a few days ago, during a discussion on a C.B.C. program, the point again was brought home to Canadians that we are not selling Expo '67 in the proper manner. I am not saying this with the intention to disparage the officials of Expo. I believe most of us in the House of Commons, because we are adjacent to the area, are very well aware of what Expo '67 is and are looking forward to attending this great exhibition. I am thinking, however, of the economic welfare of Canada and the population as a whole.

I am sorry the Minister of Trade and Commerce (Mr. Winters) is not in the house. I believe he should take a serious look at this situation to see whether emphasis should be put on the words "Canada's World Fair" instead of the words "Expo 67". The expression "world's fair" amplifies the importance of the event. This is something about which I believe all of us should be concerned. I was very disappointed and concerned when I learned of the lack of knowledge on the part of a great many people who live farther south, people whom we hope will visit us in large numbers this year. They did not know what I was talking about when I used this terminology.

[Mr. Southam.]

Recently, of course, we have been interested in what has been going on closer to home. This brings me back to the budget and finances, as well as the row over the Mercantile Bank. The principal points involved in the Stevens-Coyne-Westbank-British International Finance dispute are set forth in a recent issue of the *Financial Post*. I believe it would be worth while to quote this editorial for the record because I am in agreement with the opinion stated therein in respect of this matter. This is what the *Financial Post* has to say about this dispute:

> In 1964, the Porter royal commission on banking and finance, appointed by the Diefenbaker government, recommended that Canada should not allow control of Canadian banks to fall into foreign hands. It was concerned about the grave concentration of power that might shift outside Canada, particularly to New York.
>
> Canada is not the only country which has faced this problem. Britain hasn't much formal organizational control through legislation but it has immense influence in practice over the conduct of foreign financial institutions. In France, licensing of a foreign bank is subject to the discretion of the government. Japan insists that at least 50 per cent of the stock of all corporations, including banks, must be owned by Japanese, and has extensive controls on foreign exchange and capital movements.
>
> Denmark, Sweden, Spain, Australia, South Africa all arrange, one way or another, to set limits on foreign banks.
>
> Even in the U.S., only six states or areas—Washington, Oregon, California, New York, Puerto Rico and Virgin Islands—specifically permit foreign banking and none permits a complete range of banking service.
>
> Canadian policy, at the time First National City Bank was buying Mercantile, was clearly aimed at keeping control of Canadian banks within Canada. If there was any doubt, Canada's finance minister personally made this policy plain to the Citibank people. He didn't have to warn them, but it was surely in their interest that he did so.
>
> Washington charges that Ottawa is discriminating against U.S. banks. But the new ownership rules are being applied to the Canadian owned banks as well as to the Mercantile. All Canadian banks will have an upper limit of 25 per cent foreign ownership now, and a limit of 10 per cent in any one foreign holder's hands.
>
> No small nation could have a better big next door neighbour than Canada has, and Americans have reason to feel lucky that they have a bountiful friendly Canada close by.
>
> Unfortunately, the Mercantile dispute involves an issue on which Ottawa can't back down.
>
> The U.S. banks accept local restrictions in other countries. Perhaps Washington will have the good sense to realize that Canada's stand is reasonable.

In my opinion, this puts in a nutshell the general thinking of most Canadians. I do not always agree with the policy of the government in respect of economic matters, but here

is one instance in which I do agree with them. I think the *Financial Post* puts this whole matter into proper perspective.

Another matter about which I am concerned has to do with our economic welfare. I am thinking now of western Canada and the proposed increase in the St. Lawrence seaway tolls. I was very interested to receive from the Great Lakes Waterways Development Association a copy of a speech made by Mr. Paul Yakabuski, M.P.P. for Renfrew South, in the Ontario legislature quite recently. I think this more or less exemplifies the feeling of the people in western Canada as well as the feeling of the people of Ontario about this matter. I should like to quote a few excerpts because I think it puts forward my views even more effectively than I could.

When the costs of moving such essential bulk commodities as coal, iron ore, limestone and petroleum products to the industrial heart of Canada go up, a very unfavourable influence is exerted upon the economy of this province.

Higher power and raw material costs to primary manufacturers mean higher costs and prices of semi-finished products to secondary manufacturers. Hence, the cost of Ontario finished goods to wholesale and retail distributors in all parts of Canada go up; and this multiplier effect is reflected in prices to consumers in every part of this country.

In similar fashion, the costs and prices of Canadian natural and manufactured products destined for foreign markets go up, thereby lessening the ability of producers throughout the Canadian economy to compete in the ever more competitive world market.

It is for those reasons that the province of Ontario, along with the governments of Alberta and Saskatchewan—

I should like to re-emphasize this, because it is equally effective in, and pertains to, the western provinces.

It is for those reasons that the province of Ontario, along with the governments of Alberta and Saskatchewan, opposed the seaway toll and Welland ship canal lockage charges recommendations of the St. Lawrence Seaway Authority at the toll hearings held in Ottawa on May 25th and 26th last year.

It is interesting to note the following:

Of the 58 submissions with respect to its recommendations presented to the Seaway Authority at the Ottawa toll hearings last year, only two were in favour of the recommended increase in seaway tolls, and the imposition of lockage charges on the Welland ship canal.

But despite the opposition of the Ontario, Alberta and Saskatchewan governments, and of very highly qualified and responsible organizations, to the toll and lockage charges recommendations; and despite a unique debate in the House of Commons on May 26, 1966, inspired by that overwhelming opposition, when members of all five of our political parties including four courageous members of the Liberal party, opposed the recommendations, the Seaway Authority has ignored all the submissions.

I spoke on this matter during the debate in the month of May last year. At that time I emphasized, and I emphasize again, that if these tolls are imposed the people in western Canada will be faced with a double impost because the tolls will affect the shipment of their grain to eastern markets through the St. Lawrence seaway. Eastern Canada is the heart of our industrial area. This is where all the heavy goods such as cars, machinery, refrigerators and so on are manufactured. These goods are shipped through the seaway to the head of the lakes and then through the great area of the west which is not heavily populated and now will have no bridge subsidy formerly payable on goods shipped by rail through northern Ontario. By the time these products reach our markets in western Canada the penalty of any increase imposed in the St. Lawrence system is doubled or tripled. I implore the minister to consider our recommendations not to increase these tolls.

• (4:00 p.m.)

The article to which I referred makes reference to the courage displayed by Liberal members who have spoken in opposition to this measure. This should be an indication to the Minister of Transport (Mr. Pickersgill) that he should look seriously at this policy before making a final decision.

Let me reiterate something said by the hon. member for Saskatoon (Mr. Brand), and touched upon by another of my colleagues, the hon. member for Colchester-Hants (Mr. Kennedy), regarding education. The greatest resource in Canada is not gold in the ground, wheat in the field, minerals or forest products, but rather the human resource.

It was interesting and rather disconcerting to read Dr. Deutsch's report on education in Canada and how it affects our productivity. This is something about which we should be concerned during this centennial year. We should try to assist our provinces in turn to provide assistance at the primary, secondary and university levels of education in order that we may utilize to the maximum degree the potential ability of our population.

I was interested in an article written by Dr. Spinks, president of the University of Saskatchewan, who was quoted in the following terms:

"Contrary to a widely held belief, our average educational level is considerably behind that in the United States. In 1961, only 6 per cent of the whole working force in Canada held a university

degree compared with 11 per cent in the United States. About 25 per cent in Canada had four years of high school compared to 50 per cent in the U.S."

This same article also states that—

—Dr. Spinks referred to a 1961 National Research Council report which said that unless Canada as an industrial power is content to remain inferior to the U.S. and the United Kingdom, a way must be found to induce industry to devote more of its resources to research.

Another paragraph of the article reads as follows:

Noting the emphasis placed by recent economic studies on "the overriding influence of education" in increasing the gross national product, Dr. Spinks said, "it is not just chance that for many years Canadian productivity has been only 70 per cent of that of the United States".

Dr. Spinks said it was not just chance that productivity has been only 70 per cent of that in the United States, but because our standard of education has not been developed on a basis similar to the one in that great country. These facts should weigh heavily on our minds, and the authorities responsible for alleviating this situation should adopt as a centennial project—

The Acting Speaker (Mr. Richard): Order, please. I regret to advise the hon. member that his time has expired.

Mr. Southam: Mr. Speaker, I have just about concluded my remarks, and can do so within a minute or two.

The Acting Speaker (Mr. Richard): Has the hon. member leave to complete his remarks?

Some hon. Members: Agreed.

Mr. Southam: Thank you. A survey was conducted a number of years ago in the province of Saskatchewan regarding the relationship between education and income. At that time the average income there was approximately $5,000 per year. That was approximately ten years ago. That survey was based on a productive life expectancy of 40 years, from age 20 to 60. On that basis the average individual would contribute something in the neighbourhood of $200,000 to society over a period of 40 years.

Using that as an example it seems to me that we could enhance our productivity by increasing average annual salaries to $6,000 or $7,000. This can only be done by developing the potential capacity of individuals through higher education. About 30 years ago Saskatchewan had a population of roughly 850,000. It gradually increased to about 860,000, but then started to decrease because of automation in agriculture and an unfavourable political climate. The people in Saskatchewan desire to enjoy the same standards of services and education as are enjoyed by other areas of Canada. Because of this decrease in population the tax load was borne by a smaller number of citizens. This resulted in a very high tax structure. It is imperative that we maintain some even distribution of population and industry. We must improve our educational system as quickly as possible in order to obtain a better balanced economy.

Some months ago a very interesting article appeared in the *Weekend* Magazine regarding secondary education in schools of the non-academic type. The minister of labour in the former Progressive Conservative administration the hon. member for Ontario (Mr. Starr) realized that one of the basic causes of unemployment in this country was lack of knowledge or specialized training. As a result of his efforts our vocational and educational trade school program was developed. Very few people realize what this program has done to increase our productivity and economic strength. We have been happy to note that the present government has not cut back on this program, although there has been some indication that it may place more of this load on provincial governments. Vocational training is something that should be emphasized throughout Canada, because not everyone can become a professional. This is an age of specialization and we must have people trained in specialized fields.

In conclusion, Mr. Speaker, I should like to ask the government to consider seriously the comments which have been made, particularly those in respect of the province of Saskatchewan. Any improvement in the economy of that province will naturally be reflected by a general improvement in the economic welfare of this country.

• (4:10 p.m.)

Mr. David MacDonald (Prince): Mr. Speaker, this afternoon I wish to deal with one major issue. It is an issue that is not new to this house and is one about which I am sure we will hear much more in the ensuing months. I am particularly glad that the Secretary of State (Miss LaMarsh) is in her seat this afternoon, because I am hopeful that these words will provide some impetus or motivation, particularly on the part

of her department, with regard to what I consider to be a critical problem in our country today. This is a problem related to the whole sphere of political action and political responsibility, not only in respect of those who are elected representatives or civil servants, but people generally.

Perhaps because I am a freshman member of parliament some of my reaction to the systems by which we govern ourselves will be considered rather bold. Perhaps, in some senses of the word, they will be even naïve. But one of the things that has never ceased to amaze me since becoming a member of parliament is the very close relationship that exists between those of us who work on this floor and those who occupy the press gallery. It is that crucial relationship, indeed, that establishes some kind of rapport and understanding in the country for what politics and political action are all about. When that relationship breaks down or becomes confused, not only does parliament suffer but I think the whole process of self-government suffers greatly.

One of the things that has continued to concern me very much about this whole question is the fact that we have invoked in our political processes and parliamentary activity a kind of discrimination that I think would not be tolerated for one moment in any other sphere of human activity. We have continued to acquiesce in this discrimination, to allow it to be accepted, almost without question, until we have given a kind of preferential treatment to one aspect of the mass media of communication and discriminated against the rest. I think that part of the problem of relating the process that takes place in this house to people generally is faulty and inadequate communication. Marshall McLuhan would put it this way, I suppose, that we have moved from the era of print to one of the electronic age in which now it is possible for people to become, almost quite literally, plugged-in on the important events of our civilization. I believe that in our time we have seen this most uniquely and clearly when events of great national and international significance have taken place.

I do not believe it would ever have been possible in any previous era for a whole continent, and one might say almost the whole of a civilization, to become related as one community to the events in Dallas and Washington on a particular week end in 1963, had it not been for the availability of television. Television transformed what was a national and somewhat localized event into an international, indeed almost universal, experience. We also have the further experience that continues to take place from time to time of the occasional satellite attempts, particularly by the United States, to which immediate access is given by television to millions of viewers.

We have had events of national significance in our country over the past few years, but they have not commonly been available to people in some of their most important points because we have exerted a kind of media discrimination. This discrimination is not something that began this year or last year, but rather it has been going on for a number of years and has been tolerated almost without comment by nearly everyone.

So I speak out for a new understanding of the nature and uses of mass media and ask that they not be used to expose for purposes of power or popularity any individual in this house or outside it, but to create a more genuine, a more thoughtful and a more purposeful dialogue between our activity in the house and the thoughts and desires of the nation. I think it has been interesting to observe over the past few weeks the reaction of many people—it has been almost general across the country—to one of the most recent television dramas of the Canadian Broadcasting Corporation. I refer to the Quentin Durgens program. I wonder whether hon. members have thought, as I have, why this program so immediately created an interest on the part of people living all across this country.

I am sure that many members of this house have discovered in their travels to their constituencies that this popular program, which was on the television screen for the short period of seven or eight weeks, established a whole new series of thoughts and considerations and, perhaps what is even more important, sympathy for those who labour within the confines of parliament. Perhaps we could say that one of the reasons was that it was a very good drama, that the writer George Robertson and the producer David Gardner were men of exceptional ability and were able to provide us with good television entertainment. I believe there was more to this program than entertainment, because time and time again it has been made quite clear to me by many friends and neighbours that here, for the first time, people who had never had the opportunity of coming to grips with

parliament were able to get inside, to understand strange and baffling terms like "caucus", "party whips" and "parliamentary committees". They were able to understand even in some minor way what they meant. I think this is crucial.

If there has been cynicism, and there has, on the part of many as to the effectiveness of our parliamentary process today, I think this one, short television series did more to dispel it than any other single thing in modern day experience. This program taught us a lesson, I hope, that we have in our systems of mass communication, radio and television, an unparalleled opportunity to greatly facilitate and make much more effective our whole program of self-government. I think it is tragic that we have for so long barred the door against these two important media and exercised a kind of discrimination in this respect.

I am told that a number of years ago when radio first became significant in our country, the only reporters allowed in the press gallery were those who were providing written reports for newspapers, magazines and journals; but of course some of the radio systems wanted to have access to what was going on in parliament and I am told they made application to become members of the press gallery.

• (4:20 p.m.)

Somehow it seemed odd and strange to allow these people who were not writing the news, but speaking it, to be given that access, and therefore in the early years those who provided news for the radio waited outside the press gallery, and when some member came out they asked him questions to find out what had been going on inside. This seems ridiculous to us today. I do not think that anyone would rise in his place in the house and demand that all those who report for radio and television should be kept out of the press gallery. But we do. I know we allow them to come in physically to write down what they hear or what they see, but when it comes to someone recording either on film or on tape the events which take place in the house, objections are raised as if this would almost defile this house. I think that this is a tragic misreading of the opportunities which both the radio and television provide to us in this electronic era.

It seems strange also, when politicians are so inclined to look for precedents for actions, that we are more than willing to ignore a number of precedents both in our system and in other countries that have made available to the mass media the great forums for decision making and legislative action.

A few years ago when I was travelling in Australia I remember being able to tune in the radio at any point in that country and hear at that very moment what great matters of state were being discussed in their legislative chambers. It seemed to me a great thing. I am not sure whether the audiences there are very large, in fact I believe that the reverse is true, but the opportunity is there, and that is of immeasurable value.

I am not so much concerned about this chamber specifically but about the various urgent, important and interesting matters that are being discussed in our committees. Surely this has been a year in which it would have been more than interesting to have live reports, video taped records or tape recorded reports of the various committee discussions such as perhaps the discussions which are going on this very afternoon in the defence committee, those that dealt earlier with the problems of the Mercantile Bank, or more recently the altercation between Mr. Coyne and Mr. Stevens, or even earlier in this session the long discussions over the "Seven Days" controversy. I am sure there was a great deal of public interest for all these matters, and yet in each and every one of these committees the cameras were treated as if they were some kind of furtive alien.

In some instances the television camera was poised outside the committee room door, lurking as if it were some kind of an unwanted interloper, and occasionally when the opportunity arose, glimpsing some picture within. And yet, sitting at the very front desk in each committee, was the press, writing, if they wished, every single word that was expressed in that committee and also adding for the benefit of the reader any particular emotional expressions or nuances that might not be expressed in the verbalized word.

I cannot understand why, when we have encompassed so much that is modern and new in our technology, we have continued to exercise a kind of prejudice against the visual and the aural, because it is true as true can be that the major decisions of people that are being made with respect to the whole of the democratic process are largely being made in response to what they have seen on the television screen, or what they have heard on the radio. Indeed if we were to take a survey I am sure that we would discover that the great majority of our population today spends

so much time watching television—well over 20 hours a week on the average—that this is their great forum of communication.

In spite of this we have effectively blocked year after year the availability to people of what is happening in this place. I think we have done a great disservice to parliament, and even more than that we have done a great disservice to the people of this country.

This matter has been raised on a number of occasions during the present session, and at this point I would like to remind the house of what has been said, and of the understanding which we now have on this matter. On one of the earliest occasions in this session, on May 4, 1966, the right hon. Leader of the Opposition (Mr. Diefenbaker), in discussing the questions related to the establishment of quorums in the house and in committees, said the following, as recorded on page 4675 of *Hansard*:

> I have on more than one occasion—and this is an opportunity to raise this matter again—expressed the view that if we wish to restore parliament so the people will understand its operations, one means to bring that about would be through broadcasts or television representation of parliament from day to day. I can tell you, sir, that if this practice were adopted in committees as an experiment there would be no difficulty about having a full quorum in committees at all times.

It has been argued sometimes that to introduce these dangerous communication instruments of radio and television into this house and into committees would cause many hon. members who sit here faithfully day after day to simply sit in their offices, or wherever they might be, and watch television or listen over the radio to what was taking place in the house. Anyone who makes that kind of a statement does not understand the nature of these media and, even more more than that, does not understand the nature of politicians, for I have found very few politicians—and these were not politicians for very long—who were anxious to run away continually from these media and, even more than that, very reverse would be true, as the right hon. gentleman remarked. If we introduced these mass media into this house we might indeed find that more members would be sitting here during the debates, and in fact it might indeed be difficult to extract them to their offices or to committee meetings, where they have to be from time to time.

On Thursday, November 10, 1966 the hon. member for New Westminster (Mr. Mather), in dealing with the same matter, asked the Secretary of State (Miss LaMarsh) the following question:

> I have a question for the Secretary of State, Mr. Speaker. Will the minister consider doing what the British government is doing at this time in respect of a study regarding the televising of the proceedings of parliament?

And the minister answered:

> I had the opportunity this summer of observing what is being done and contemplated in this regard in Australia, New Zealand, Italy and Britain. I am informed that Mr. Speaker on behalf of the House of Commons has made a very detailed study of the U.K. experience and plans to telecast in this regard.
>
> This might be a question about which, under the estimates to which they are related—those for the B.B.G. and C.B.C.—the broadcasting committee might well decide to hear witnesses and to discuss this matter. It will be remembered, however, that when such a motion was placed before that committee to televise the committee proceedings during the Seven Days matter, it was rejected. Perhaps Mr. Speaker on behalf of all members will discuss this matter with the broadcasting committee on the basis of that information which I am sure he now has.

An interesting footnote to the comment by the Secretary of State—and of course her information on the first decision of the broadcasting committee was correct—was that at a later date this fall the committee reversed its recommendation and indeed recommended to Mr. Speaker that broadcasting of committees be attempted on an experimental basis.

A further question was raised on the same matter by the right hon. Leader of the Opposition on November 30, 1966 when he asked the following question:

> Now that the question of television in the British parliament has been dealt with by a free vote of the British House of Commons on a motion moved for the purpose, would the Prime Minister consider having a motion placed before the house, free of the whips, to provide for television in this house? I suggest that it might be done on an experimental basis to start with so as to allow us in the house to decide whether it is appropriate at present and in the public interest that an opportunity be given to the Canadian people to see parliament in action. Such a move also would enable Canadians to appreciate better than they otherwise can the operation of this institution.

• (4:30 p.m.)

The right hon. Prime Minister (Mr. Pearson) replied as follows:

> Mr. Speaker, this is a very important question of course and I will be very glad to give it my consideration along the lines indicated by my right hon. friend.

Unfortunately, that was on November 30 last and we have had no further indication in this house as to what action might be taken. I

have been heartened from time to time, Mr. Speaker, by the comments of the Minister without Portfolio (Mr. Turner), who has in two or three public speeches made remarks to the effect we are moving in the direction of understanding when we permit the accessibility of radio and television to our parliamentary activities.

Finally, I should like to read some letters which form part of the evidence of the broadcasting committee. The first letter is from the chairman of the broadcasting committee to Mr. Speaker and it reads:

> I am instructed by the standing committee on broadcasting, films and assistance to the arts to convey to you the committee's opinion that consideration should be given to radio and television broadcasting of a committee's proceedings on an experimental basis. Enclosed for your information is a copy of the twelfth report of the committee's subcommittee on agenda and procedure which was adopted by the committee at its meeting last night.

The Speaker's reply reads as follows:

> This will acknowledge your letter of December 13 in which you bring to my attention the recommendations contained in the report of your subcommittee on agenda and procedure.
>
> I am sure you share my doubts as to the committee's authority to submit recommendations regarding radio and television broadcasting of committee proceedings. Looking over the terms of reference of the standing committee on broadcasting, films and assistance to the arts it would appear that it is not empowered by the house to consider the proposals contained in the subcommittee's report.
>
> In my view authority to broadcast or telecast committee proceedings can only be given by the House of Commons itself and I, as Speaker, cannot substitute my judgment for that of the house in this regard.

This would seem to leave the matter squarely in the hands of this place. It is my urgent hope that the government, and more particularly the Secretary of State (Miss LaMarsh), will bring this matter before the house this year. We have talked in a very grandiose way of the great things we are going to do in 1967. Everyone has been making so many comments that it has become almost a standing joke as to what your own particular centennial project will be. Surely, along with the many other things we have set aside for ourselves to do as worthy projects on this 100th birthday, there is one we might consider for parliament itself. We should make a real attempt to make accessible to the people of Canada what we do in this place. I think if we adopt an enlightened, realistic attitude to the nature and purpose of the mass media we will effect some changes here of real importance.

[Mr. MacDonald (Prince).]

We will look to the extension of opportunity in this house and in committee for the radio and television media. I frankly think we have missed the boat time and again by denying the rights and privileges to radio and television which we have granted to the print media for 100 years now. Surely it is high time, in this centennial year, that we adopted the same fair attitude toward radio and television. There are many benefits to be gained by it, not the least of which I think is an enlightened public opinion. As every member of this house knows, little can be done in this place unless the public will it to be so. If we are anxious to increase the quality and effectiveness of the legislation that is passed by this house, that is discussed in the various committees, we will have no fear whatever of making available in our many forums complete accessibility to the media of radio and television.

Mr. Robert C. Coates (Cumberland): If I might, Mr. Speaker, for a few moments I should like to follow along the same theme as the hon. member for Prince (Mr. MacDonald). I should like to make a few comments that appear to me to need to be said in so far as the image of parliament is concerned, and in so far as the great demand that seems to be pressing upon his institution to modernize its rules in such a way as to make what many feel has to be a more effective day to day working operation.

What concerns me, and has concerned me for some time, is that on many occasions in this forum we are asked to give up some of the rights we have as a legislative body and turn them over to the executive. More and more, the executive is becoming all-powerful and the legislative body less and less powerful. Whether you look at the problem of the separation of powers from the point of view of political science or philosophy, or whether you look at it on the basis of the day to day work of this institution as compared with the executive, I do not believe you will find there is a great deal of merit in the suggestions that are put forward.

In my opinion, this is a debating forum. This is the forum in which we try to get an expression of opinion from all corners of the house, from all parts of the nation, as to whether or not a given piece of legislation is of real benefit to the development of the nation. At the same time, we give careful consideration to the ways in which the taxpayers' money is being spent. So long as that is the main responsibility of this forum, I do not

believe we should tamper too much with the individual rights of members of parliament, nor do I believe we should greatly strengthen the already strong executive arm of government.

At the same time, I believe there is a responsibility to go into all the various areas of the economic spectrum in our committees. I do not believe this necessarily means we have to develop to a greater degree the kind of thing that seems to be developing in our committees system. For instance, at the moment we have a large body of members who belong to a certain committee of this house away in another part of the nation taking a first-hand look at a certain problem. I do not believe there is anything wrong with committees travelling, if first-hand information is going to be of value. However, I do not believe you need 30 or 40 members away looking at this particular problem. I do not believe the money spent carrying out such a project is really necessary, and I believe our committees ought to be a good deal smaller. At the same time if we spend money, making available to this smaller group of members a greater research capability, we shall be in a better position to get from them a better judgment. They will be able to judge whether the government is approaching a matter properly.

• (4:40 p.m.)

We could learn a great deal from the United States committees system. Studying the congressional committees system of the United States would be money well spent, especially if two or three men could do a job, instead of having large bodies of members having to travel over the country.

The present committees system of the House of Commons is unfair to committee members. Ministers, arguing for their legislation come before committees with batteries of individuals who prepared the legislation, studied the problem in detail, and who tell the group of committee members why the legislation ought to be approved in that particular form. In the end the members of parliament are brainwashed. Who are they, to argue with the battery of professionals? The individual members have other responsibilities. They can do research work, but their time and financial resources are limited. The resources of the country are available to the minister who wants his legislation approved. It is almost impossible, under the present system, for legislation not to be approved.

Let us take a look at the situation as it exists. Twenty four or more committees are sitting, most with a quorum of 20 or more members. If all the committees should meet at the same time nobody would sit in the house. Yet, when people come to this chamber they look down and say: "My goodness, only 20 or 25 members are in the chamber. Where are the rest of them, who have been elected to this institution?" Parliament is given a black eye because the public does not understand that a member may be doing something outside the chamber which he feels is important to his constituents. All too often the impression is that members are away.

When the bells ring for a vote you find, suddenly, that 100 members appear to vote for something. All I say is that in any given time too many committees make too many demands on the available members. Another thing not considered is that, though 265 members are elected to this chamber, 27 are cabinet ministers, a few more are parliamentary secretaries, and some others are involved in the operation of the house. Less than 265 members therefore are available for committee work.

Ministers and parliamentary secretaries are involved in the day to day operations of government and cannot be available for other duties. The number of members available to serve on the 24 committees becomes smaller and—I am looking at the Liberal whip—the whips of the parties have an awful time rounding up members for committees, or to form a quorum in the chamber. Yet the public, looking at the chamber and seeing 25 members, say, "Well, that's parliament for you." Often we cannot explain to the public what a member of parliament does outside the chamber.

If you cut the number of committee members down and gave every member of the house the right to ask questions of any committee with the consent of the chairman, and if you gave research assistance to those serving on committees, you would soon find that experts would develop in the various fields of government. They need not be members of the government.

I must mention something else. When you come to Ottawa, especially if you are a young man and ambitious, you will find that besides intelligence and aggressiveness, religion, where you come from and many other things will determine whether you will sit on the treasury benches—that is, assuming your party forms the government. We cannot do

anything about that, but we can do this: We can make the position of a committeeman truly significant. We can arrange affairs so that, by spending time and energy, a man may become an expert in a field. If a minister came before a committee seeking approval of his legislation, his battery of experts would not in those circumstances brainwash the committee members. The minister would find himself confronted by men who know their subjects. Cabinet ministers in the United States are not elected, but they have to convince their committees, often composed of experts. In our country, if this suggestion were adopted, the minister would know that his legislation would be subject to educated, learned criticism.

Surely, if we left our rules alone, if we stopped eroding the responsibilities of individual members and endeavoured to make our committees system more effective we would find that legislation returning to the chamber would secure a quicker passage than at present.

• (4:50 p.m.)

Where a committee is composed of, say, 20 men, the majority of them are government members concerned first and foremost with the government's image, whether in committee or in the house. They have at all times to be concerned about the government's image, whether in committee or in this house. The opposition members find great difficulty in amending the legislation. They must either approve or vote against it. So little progress is made before the legislation comes back to the house, and once again hon. members find themselves in the same position as before; I do not see that we are much further ahead.

I understand there is another committee which is supposed to leave in the course of the next two days and go in two directions, taking with it a large number of the members of the house. I do not see anything wrong about members getting across the country, talking to people and hearing different points of view. But I think we are sent here, basically, to do the countrys' business, and most of the country's business can be done here. Most of the groups which desire to make presentations to committees are financially capable of coming here and explaining their position.

On far too many occasions members are not as well equipped to understand these submissions as they would be if better research facilities were available to them. I have been down to Washington on more than one occasion on Canada-United States parliamentary trips. What impressed me there was that when a congressman or a senator walked into a committee to discuss a subject he had either one or two men behind him, and when a question was referred to him he could turn to them and discuss it, very much as is done in this house when estimates are before us for consideration and the deputy minister, and other officials, are available to the minister for consultation. These men in Washington were capable of speaking on a great range of subjects in a very learned way, because they had the services of research assistants who could bring them up to date at all times on any subject.

If we are to have a more effective parliament we shall need more learned members of parliament. In my opinion there is nothing wrong with the I.Q. of any individual who can get himself elected to parliament; but it is one thing to have the I.Q., and another to be able to develop knowledge in many different fields. The complexity of government in Canada today as compared with 1867 is so great that, rather than saying "penny wise and pound foolish" we would be pound wise and penny foolish if we did not soon move into an area where we tried to assist all members of parliament, regardless of the party with which they are associated, by providing research facilities which would make them better able to understand and criticize whatever was being done. After all, the object of all members should be to produce the legislation which will bring the greatest amount of benefit to the Canadian nation, and this is one way in which this can be accomplished.

There are several ways and means of streamlining some of the rules of the house. For example, I do not see any great value in retaining any longer the resolution stage of bills. During the resolution stage we talk on the same subject as we debate when second reading is discussed. It is a duplication. While the present arrangement may have had merits at one time, I do not think any useful purpose is served by its continuation.

The arrangement for the question period has worked out very well. I was concerned about what might happen when this new idea of a limited question period was introduced, but I think it has worked to the satisfaction of all members of the house. However, there are some other suggested provisional rules which cause me concern. Certainly the rule with regard to the time allotted for a discussion of estimates causes me concern, because

we ended the last session without an opportunity—because of a choice made by the opposition—for having any kind of discussion on estimates, which represented a great deal of the money which was spent. I do not think this is of benefit to parliament in the long run.

If it is necessary to set a time limit—and I do not think it is, necessarily—I believe some time must be spent on all the departments, so that no department is allowed to pass unscanned, without any kind of surveillance by members.

There are other rules which might be streamlined. I do not think it is necessary for speeches to be as long as they are now. We could save time there. I do not know whether the debate on the speech from the throne, or the debate on the budget need to be as long as they are at present, though when we have a chamber composed of as many members as this one is, we must make sure there is reasonable opportunity for everyone to speak.

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

• (5:00 p.m.)

TOBACCO RESTRAINT ACT

REPEAL OF LEGISLATION RESPECTING USE BY JUVENILES

Mr. Ralph Cowan (York-Humber) moved the second reading of Bill No. C-36, to repeal the Tobacco Restraint Act.

He said: Mr. Speaker, this bill which I have introduced to repeal the Tobacco Restraint Act was given first reading in the house in July, 1964, and now almost three years later we have an opportunity to discuss the question. I have had to re-introduce the bill on April 8, 1965, and on January 24, 1966. I am happy that in February, 1967, it has been called for debate. I note an hon. member is applauding the speed of the cabinet in making it possible for the bill to come forward so fast.

I would like to state at the very first moment of moving second reading that the act which this bill seeks to repeal, chapter 266 of the revised statutes, entitled "An Act to Restrain the Use of Tobacco by Young Persons," is being broken every day that the House of Commons sits throughout the entire year. It is broken with the open consent of the members of the house and absolutely nothing is done about it. No charge is laid under the act.

I make this statement without any fear of contradiction because under this ridiculous chapter 266, an Act to Restrain the Use of Tobacco by Young Persons, any juvenile under the age of 16 who has cigarettes or cigarette papers in his possession at any time is guilty of an offence and can be convicted. Yet in the House of Commons we have a fine force of page boys, of whom the great majority are under age 16. I do not smoke myself, but I know for a fact that members of the house who do indulge call the page boys to their desks time without number each day, give them the necessary funds and ask them to go to the cafeteria on the fifth floor and purchase cigarettes for them.

The moment a juvenile buys the cigarettes not only is he guilty but the person selling them to him is guilty as well. But no charges are ever laid.

An hon. Member: Shame.

Mr. Cowan: Yes, shame. The page boys bring the cigarettes back to the members and most of them retire, either behind the curtains or into the members' lobbies, and indulge in the pastime of smoking.

There are sections of this act, chapter 266, that cause offence to me and to those who have read it—and I am sorry to say that is a minority of the house—because under this act presumption can be the convicting force.

In section 2 of the act it is stated:

> Every one is guilty of an offence and liable on summary conviction in the case of a first offence to a penalty.....who.....sells.....cigarettes or cigarette papers—

—to a juvenile; and then there are these words:

> —which tobacco he knows or has reason to believe is for the use of that person.

How in the name of heaven can anybody tell what is in the mind of a tobacconist when he sells cigarettes or cigarette papers to a child under the age of 16? How do you know the tobacconist "has reason to believe" the child is going to use the tobacco?

Section 3 of the act goes on to point out:

> It is the duty of any constable or person having the powers of a constable, or person authorized so to do by any by-law in that behalf made by any authority or person having power to make such by-law, to seize any cigarettes, cigarette papers or tobacco in any form other than cigarettes in the possession of any person apparently—

—note "apparently"—

—under the age of 16 years whom he finds smoking or chewing—

And this is the stumbling block in the whole thing to which all members of the House of Commons must object—

—whom he finds smoking or chewing or about to smoke or chew tobacco in any street or public place.

How is anyone going to tell whether someone is about to smoke or chew tobacco just because he may have some in his possession? Mr. Speaker, I had a hard time in the city of Ottawa getting this plug of chewing tobacco which I hold in my hand. I have had it for three years, having bought it when I first introduced this bill in 1964, and this act says that a person may be guilty who is "about to chew tobacco in any street or public place."

Mr. Knowles: So that is what we smell about you.

Mr. Cowan: It is Sweet Briar. The fact that I have this plug of chewing tobacco in my possession and in my hand I can assure you is no assurance that I am about to chew it, but under this act it is an offence for a juvenile to be about to chew it, and I would like to find the police officer or crown attorney who can prove it.

Section 4 of the act returns to the child under the age of 16 and says of him:

—who, being under the age of 16 years... has in his possession, whether for his own use or not,—

And this is what covers the page boys here.

—any cigarettes or cigarette papers—

—is guilty of an offence—

—and liable on summary conviction in the case of first offence to be reprimanded, in the case of a second offence to a penalty not exceeding one dollar, and in the case of a third or subsequent offence to a penalty not exceeding four dollars, who, being under the age of 16 years, smokes or chews tobacco in a street or public place, or purchases or has in his possession, whether for his own use or not—

These are the cigarettes the page boys are taking back to members.

—any cigarettes or cigarette papers, or purchases or has in his possession for his own use tobacco in any form other than cigarettes.

I draw this to the attention of the house to show how ridiculous the act is. The act was introduced in 1908, which is only 59 years ago, and there is not a recorded conviction under it. Why have the statute books been cluttered up with an act like this, which is ridiculous on the face of it, which presumes people to be guilty, and on top of that has never had a conviction under it in 59 years?

We come again to those under 16 years of age. Section 5 says:

If, on complaint to a justice, it is established to his satisfaction that an automatic machine, for the sale of cigarettes, cigars or tobacco in any form—

I might interpose, Mr. Speaker, that somebody has been kind enough to send me a cigar. It is a Simon Statesman. Thank you. I am glad it is not a "Politician"; and referring to the cigar I would like to jump for a moment from section 5 of the act to section 7 which says:

For the purposes of this act the word "cigarette" includes any small cigar made of tobacco rolled up in paper, tobacco leaf or any other material.

So, the act covers cigars as well.

To return to section 5, it says:

If, on complaint to a justice, it is established to his satisfaction that an automatic machine, for the sale of cigarettes, cigars or tobacco in any form, kept on any premises, is being used by persons under the age of 16 years, the justice may order the person on whose premises the machine is kept to take such precautions to prevent its being so used as are specified in the order, or, if necessary, to remove the machine within any specified time.

Now, down in the Chateau Laurier hotel, which is government property operated by the C.N.R., there is a cigarette vending machine in the front lobby, and it has this prissy statement on the face of it, "Sales of cigarettes to minors are forbidden by law." I watched that machine for a while the other evening when I was down there and you would be surprised at the number of young lads who came in and purchased cigarettes by putting the necessary funds in the slot, pressing the proper lever, and out popped the cigarettes.

No one was there to see whether they were under 16 years or not. The machine will sell to anybody. You just put in the proper amount of money and press the proper lever. How can you convict a machine for selling to minors when you cannot question the machine in court?

Section 5(3) reads as follows:

Any person upon whose premises there is any such machine may himself or by his agent seize any cigarettes, cigars or tobacco obtained from such machine and in the possession of any person apparently—

Note the word "apparently".

—under the age of 16 years using such machine or smoking or about to smoke such cigarettes, cigars or tobacco.

I would like someone to define just what is that state of smoking in which you find a juvenile "about to smoke such cigarettes, cigars or tobacco."

Then in section 8 you have in my opinion the most heinous part of the act:

For the purposes of this act any person who appears to the justice dealing with an information or complaint hereunder to be under the age of 16 years shall be presumed to be under that age unless it is shown by evidence that he is in fact over that age, and the provisions of the Criminal Code relating to the proof of the age of young persons apply to offences under this section.

● (5:10 p.m.)

Here we have an act which presumes a person to be under the age of 16, and if he has any tobacco in his possession for his own use or not, he is automatically guilty. These words which presume a person to be in a situation where he is automatically guilty go against my grain. This recalls to me only one thing; that is, the proceedings in this house in respect of section 98 as we knew it. All of us are aware of that nefarious section which in 1919 was introduced by the late Right Hon. Arthur Meighen, and which was known in Canada as the section relating to unlawful association. I am not one who was unfriendly toward the former Co-operative Commonwealth Federation or is unfriendly to the New Democratic Party. I have admired their stand on many questions for many years. I maintain that section 98 might still be on the statute books of Canada had it not been for the insistent demand of the late J. S. Woodsworth that the section be repealed and the continuous support that the Toronto *Star* gave to the demands that this be repealed. I take off my hat to Hon. Ernest Lapointe for his great efforts in this matter.

I have before me a photostatic copy of section 98 and also copies of sections 97A and 97B. Prior to 1919 the sections were 97A and 97B. Then when amendments were made in 1919 they came into the Criminal Code under the number 98. The first section is labelled "Unlawful Associations." In section 2 of that nefarious act we have:

Any property, real or personal, belonging or suspected to belong to an unlawful association—

Then in section 4 we have, with regard to any prosecutions under this section, the words:

—if it be proved that the person charged has

(a) attended meetings of an unlawful association ... it shall be presumed, in the absence of any proof to the contrary, that he is a member of such unlawful association.

This was a miserable piece of legislation. Hon. Ernest Lapointe on April 23, 1928, in introducing a bill to kill this section stated:

A bill similar to this has been adopted by this house five times, and in each case it has been rejected by the other chamber.

He went on to point out the nefarious features of the act. In that debate Mr. Woodsworth, as reported at page 2308 of *Hansard* for April 23, 1928, refers to any property belonging to or suspected to belong to such an organization, and then makes the ringing declaration:

I have always entertained the idea that British justice presumes a man innocent until he is proved guilty. In this case the presumption is that he is guilty until he can prove himself innocent.

In this ridiculous tobacco bill of 1908 the child is presumed to be uder 16 years of age until he proves he is over. I would ask this house to agree to the repeal of this ridiculous piece of legislation. Machines are selling tobacco to anyone who can put money in the slot. We know children under 16 years of age are smoking. No convictions have ever been made under this act in 59 consecutive years.

In calling for the repeal of the act, I should like to read to you the explanatory notes, which were written by a more able person than myself:

The long title of the act which this bill purposes to repeal is: "An Act to restrain the use of Tobacco by Young Persons."

This legislation which has been on our statute books since 1908 has certainly not accomplished what it started out to do. No doubt its purpose was excellent but it has had a contrary effect to what was intended. Like all law which is a dead letter and is not observed it tends to bring the administration of justice into disrepute.

Furthermore it is vicious legislation in that it is an attempt at thought control for it provides punishment (section 3) for a juvenile "about to smoke or chew tobacco" and (in section 4) for a juvenile who "has in his possession, whether for his own use or not, any cigarettes etc."

Many people have been killed by blows from a hammer or an ax, perhaps it should be made a crime to be found in possession of one of those horrible instruments.

Mr. Speaker, I ask the members of the house to repeal this act. An Act to restrain the use of Tobacco by Young Persons, in the same manner this house repealed section 98 because under our system of justice a man is presumed to be innocent until proven guilty.

Mr. Barry Mather (New Westminster): Mr. Speaker, I am sure many members of this house, and I think particularly members on

this side, regard the hon. member for York Humber (Mr. Cowan) as an intermittent source of entertainment and enlightenment. In my view he is rather like the lightenment. In my view he is ratherlike the lighthouse with the revolving light which between periods of darkness flashes out, illuminating the landscape and revealing usually its unattractive qualities.

In rising today a few words in respect of this bill, frankly I am of two minds whether I should support it or oppose it. As some hon. members may know, I am one of those in the house who has taken an interest in trying to encourage the government and the country to become aroused over the epidemic disease connected with cigarette addiction. From that point of view it might be supposed that I would naturally oppose any step which would repeal any legislation intended even to reduce or curtail cigarette smoking among our young people.

Imust say that I think so little of our existing Tobacco Restraint Act that two years ago I brought forward a bill to amend it, in the hope that we might be able to put some teeth into it and modernize it so that it will meet the modern conditions of 1967, rather than those of 1908, the year of its origin. Therefore, personally I do not very much care whether the bill the hon. member brings forward is successful, or whether the existing Tobacco Restraint Act is repealed or not. I believe it might be better to amend it rather than repeal it. At any rate, I welcome the opportunity to say a few words and to put some of my views on record concerning the very serious need in this country for better legislation on this subject.

The situation regarding cigarette smoking among our young people in the year 1967 is very different from what it was when this legislation was enacted in 1908. Today we have some 9,000 young people every month starting to smoke cigarettes. They do so partly as a result of the inducement-type advertising on television, radio and in the press. The Tobacco Restraint Act of 1908 has no control over that situation. Throughout the world we have health departments and health experts who have looked into the disease situation. They have all come to the same basic conclusion, that there is a proven link between cigarette smoking and lung cancer and heart disease.

• (5:20 p.m.)

Our own Canadian Department of National Health and Welfare has done great work in recent years in this sphere. Early this week it released another report underlining the link between cigarette smoking and heart disease. In spite of these educational efforts by health departments, the epidemic of cigarette smoking, with its attendant ill health, continues.

Perhaps it would be appropriate to quote from what has been said on this subject by a medical man of another country. The chief medical officer of the ministry of health in Great Britain said this, as reported in the *New Statesman* of January 20, 1967:

> The increase will go on so long as these undoubted causes of death and illness are sold to a gullible public. Lung cancer and chronic bronchitis, the legacies of cigarette smoking, are not idle threats conjured up in these reports. They are the causes of five times as many deaths as follow road accidents in a year; yet they excite far less comment.

He was, of course, referring to cigarettes.

I should like also to quote very briefly from a United States authority, R. T. Ravenholt, as reported in the August-September issue last year of the *National Newsletter*. He said:

> The "cigarette disease" has been described ... as the foremost preventable cause of death in the United States. He stated that for the American male aged 35 to 65 who smokes 20 or more cigarettes a day, tobacco is a hazard to life which is equal to all other hazards combined.
>
> It is known that 80 per cent to 90 per cent of all lung cancers occur among smokers of cigarettes and more recently it has been recognized that the smoker has an increased risk of dying prematurely of other types of cancer, of heart disease or of chronic chest disease.

It is refreshing to find some progress being made in the combat against the cigarette disease. In England for ten months, there has been no television advertising promoting cigarettes. Quite recently in the United States the *New Yorker* has joined the *Reader's Digest* in refusing to carry cigarette advertising. In Canada we find that the government on the one hand spends money to discourage young people from smoking, yet on the other accepts revenue through tobacco taxation. It spends a great deal of money in the development of better types of tobacco. These things all take place at the same time.

Our government continually declines to request the C.B.C. to set an example by refusing to promote cigarette consumption through advertising. No matter how our legislation is worded, as the hon. member has suggested, and no matter how active is our educational work in this health field, we cannot succeed in preventing a great number of our children and young people from beginning to smoke, until we take some legislative step to stop it.

In conclusion let me quote from the April, 1965, issue of a Canadian publication put out by the Health League of Canada. It contains an article written by Harry Medovy, head of the department of pediatrics at the University of Manitoba, in which he says:

> The hope that the available scientific evidence of cause and effect and the pressure of public and medical opinion would persuade the tobacco industry to curtail the huge sums that it now spends on advertising has not been realized. This is particularly regrettable because so much of it is directed to the recruitment of school children and teenagers to cigarette smoking by methods which can only be described as audiovisual seduction.

Finally I should like to say that the time has come, whether we repeal the present Tobacco Restraint Act or not, for Canada and other countries to take a stand against cigarette advertising.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my remarks will be very brief and to the point. I support the comments of the hon. member for New Westminster (Mr. Mather) regarding the use of tobacco and the dangers presently faced by our young people who become addicted to smoking. This house owes a debt to the hon. member for York-Humber (Mr. Cowan) because of his ability to ferret out these inadequate and redundant pieces of legislation. Certainly the act the hon. member seeks to repeal has no practical use. I am sure no one in the house could find any reason for allowing it to remain on our statute books.

Like the hon. member for New Westminster, and the hon. member for York-Humber, I do not use tobacco. I also believe that if we really intend to do something about curbing the use of tobacco we should do away with the Tobacco Restraint Act and start from the beginning to draft an act to deal effectively with the problems associated with smoking.

It would be a fine gesture at this time to give unanimous consent to this motion to repeal this act, which is chapter 26 of the Revised Statues of Canada, 1952, thus removing it from our statute books. To this end I earnestly plead to hon. members of this house to support the bill.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to join with those hon. members who have spoken in the debate on this bill. I also congratulate the hon. member for York Humber. This statute concerning the use of tobacco is about as useful as legislation requiring water to run uphill.

The government on one hand spends money to curb the use of tobacco, while on the other it permits open publicity by tobacco companies. The Minister of National Health and Welfare (Mr. MacEachen) stated that he was shocked by the effects of the use of tobacco. Perhaps we should all be shocked to the point that we adopt some good legislation to restrain its use. I am sure everyone would benefit, except perhaps the Minister of National Revenue (Mr. Benson), because of the loss of revenue through taxation.

Let me touch for a moment upon the scientific aspect of this whole problem. In my constituency there are asbestos mines. Many of the employees or workers in these mines have developed over the years what is known as pneumonoconiosis. In many cases these people have died prematurely of heart ailments. There is a direct relationship between this disease and heart conditions, similar to the association between smoking and heart disease.

Some of the persons who perhaps are best able to observe the effects of this occupational disease in the province of Quebec are those employed by the Workmen's Compensation Board in Quebec city. Any medical doctor will admit that the inhalation of dust from these mines causes the blocking of the lungs, preventing oxygen from being absorbed into the system. The symptoms these miners have can be directly related to a lack of oxygen.

• (5:30 p.m.)

The best example of that is to be seen in a chronic sufferer of pneumonoconiosis. The minute a person suffering from this disease tries to climb the stairs he becomes out of breath and has to sit down. You find that his heart is pumping at twice the normal speed because it is not receiving through the lungs the oxygen necessary to permit the normal functioning of the bloodstream.

Tobacco has about the same effects. I am not talking about the effects of nicotine, which are psychological and everything else. Some 10 years ago I read an article in *Reader's Digest* on this subject. I did not check the accuracy of the facts set out in the article; I had no means of checking them. I suggest that the Minister of National Health and Welfare (Mr. MacEachen) could find out whether the article is accurate. It stated that the person who smokes one large packet of cigarettes a day inhales in one year the equivalent of 27 glasses of tar. Twenty seven glasses is quite a lot of tar to put into one's lungs. Naturally, when you exhale some of it

goes out, but it leaves a coating on the inside of the lungs and cannot but harm the person who smokes this many cigarettes. Any athlete will tell you that if he becomes a heavy smoker he immediately becomes short-winded. Why is this? It is because the bloodstream does not receive the amount of oxygen it needs to function properly.

It does not matter whether the cigarette is filter tipped or not, you still inhale this amount of tar. You can make your own test with handkerchief or Kleenex; you will find tar is inhaled. If you start smoking at the age of 10, 12 or 13 it is not long before your lungs are clotted with tar. Anyone who starts smoking at this age has never given the lungs a chance to absorb oxygen normally.

I stress that if these are the effects, and they are scientifically proven and medically accepted, the government should take a very serious look at this question and make whatever changes are necessary, as suggested by the hon. member for York-Humber (Mr. Cowan). The hon. member set out his arguments very clearly and has taken the initiative of introducing this bill to repeal the Tobacco Restraint Act. That act should be removed from the statute books altogether, because it is absolutely useless as it stands, or repealed, as is suggested in this bill.

If the government is concerned about the health of the people of this country, not only with regard to water pollution, air pollution and things of that kind, but because of the smoking that goes on under our noses every day, this problem should be looked into and we must see whether legislation can be enacted that will fulfil the hopes of the government in regard to national health. The government should look into this whole problem, if it is to achieve what it hopes to achieve in improving the health of Canadians.

The hon. member for York-Humber has brought this matter to the attention of the house and the departmental officials responsible in this area. I hope the government will take action to remedy the situation and that the efforts of the hon. member for York-Humber and other hon. members of the house who are anxious to see a solution to this problem will not prove to be wasted. I hope this matter is not just on the record so that people can say, "On February 10, 1967, the house spoke on this matter" and we will find ourselves facing the same situation in 1987. The government should take action in this regard. I congratulate the hon. member for York-Humber for having brought this question to the attention of the house.

[Mr. Langlois (Megantic).]

[*Translation*]

Mr. Gaston Isabelle (Gatineau): Mr. Speaker, first of all, I must congratulate the hon. member for Mégantic (Mr. Langlois) for his excellent statement on pulmonary biology and physiology. I knew he was a professor of mathematics but I was not aware of his talents where human physiology is concerned.

Mr. Speaker, I now rise to take part in the debate as a medical doctor, and also as one who has seen several patients suffer from lung cancer because of their immoderate, and even moderate, use of tobacco.

After reading this bill I felt it my duty to make a few remarks. This private bill proposes the repeal of the whole of chapter 266 of the Revised Statutes of Canada, that is the Tobacco Restraint Act.

I need not define the word tobacco. We know it comes from an indigenous American language. It belongs to the solanaceae family, which is native of Tobago, and whose leaves can be smoked, snuffed or chewed in various preparations. Let us say, incidentally, to make a long story short, that tobacco is a vigorous, strong, pleasure-giving and habit-forming plant that may grow as high as two metres, and has large leaves. Probably native of the Caribbean, it was imported into Europe by the Spanish and popularized by France, thanks to the ambassador of Catherine de Medici, Jean Nicot. It is now grown in almost every country. It is all the more dangerous as it is mainly grown in Cuba.

Mr. Speaker, I am not sure I share the views of my friend from York-Humber (Mr. Cowan) on the desirability of removing or repealing altogether the act to restrain the use of tobacco by young persons.

Several antiquated laws should be removed from the Criminal Code, I am sure. Yet, in many cases, a law, by its mere presence, has a deterrent or, to use a medical term, a prophylactic effect. If the presence of some laws in a few statute books succeeds in preventing certain offences, I am sure this particular piece of legislation could be used as medical prophylaxis, that is, to prevent people from starting the sad and bad habit of cigarette smoking at an age when they should refrain from doing so.

I agree with my colleague that this particular measure seems stupid. But such a

legislation is often necessary to make individuals, especially young people, behave decently, which they would not do otherwise. Having a father and mother has often prevented teenagers from misbehaving, simply because they thought of their parents or possibly of the authority the parents represent.

I am convinced that, more than ever, it is necessary to feel such authority, whatever its source, in order to have respect for it.

I was speaking of prevention a while ago, Mr. Speaker. There has been considerable study carried out on the subject and more is still being done. But there is one indisputable fact and it is that we are now almost sure that tobacco is a cause of lung cancer.

If we compare the higher death rate among male smokers with that from other causes, it will be noted that lung cancer accounts for 21 per cent of deaths, heart and blood vessel diseases account for 22.2 per cent, coronary diseases for 36.6 per cent, other cancers for 11.9 per cent, other causes for 2.4 per cent, and accidents, poisonings and violent deaths for 2.9 per cent. It is obvious from this that the Canadian people should definitely be brought to realize the dangers of nicotine. And the danger is even greater for cigarette smokers.

Let us look around a bit, if you will. First of all, chances of a cure, in the case of lung cancer, remain very slim, in spite of irradiation and radical surgery. Therefore, prevention rather than treatment should be insisted upon.

• (5:40 p.m.)

Let us take for example coronary diseases. In 1962, arteriosclerosis, the most frequent coronary disease, was the primary cause of death in Canada, having been responsible for the death of 25,549 men and 13,683 women. Cigarette smoking is related to an increase in the mortality rate from coronary disease, particularly among middle-aged men.

Several surveys have demonstrated the existence of a close connection between smoking and death caused by coronary disease. One need only look up page 32 of the report of the Royal College of Medicine and read the American report published on this subject. The mortality rate from coronary disease is higher among cigarette smokers than among non-smokers.

Studies have shown that the mortality rate for cigarette smokers is 1.7 per cent higher than for non-smokers, that the mortality rate due to coronary disease is directly related to the number of cigarettes a person smokes in one day, and that the mortality rate is even higher among middle-aged smokers, as compared with non-smokers.

The results of another study show that, for men between 40 and 49 years of age, the mortality coefficient is 3.9 per cent; then, the coefficient goes down to 2.1 per cent, 1.5 per cent and 1.3 per cent respectively, using ten-year age groups as a basis for comparison. Therefore, there is greater chance of death by coronary disease among middle-aged inveterate smokers.

It may therefore be said that the number of deaths due to coronary disease is lower among those who quit smoking cigarettes, as compared with those who did not.

The following statement may please some hon. members: the mortality rate due to coronary disease among pipe and cigar smokers is the same as that for non-smokers, which now stands at approximately 1 per cent.

The Dominion Bureau of Statistics reports that the following related diseases, namely chronic bronchitis or, if you would, chronic asthma and emphysema which also lead to respiratory troubles, caused 1,197 deaths in Canada in 1962.

Studies on the expected effects of cigarette smoking on men reveal that the number of deaths caused by chronic bronchitis, chronic asthma and emphysema is higher with smokers than non-smokers.

There is no doubt that those who suffer from chronic bronchitis or emphysema cough themselves hoarse every morning, especially after having smoked a cigarette on an empty stomach, as shown by the popular expression which many patients use when they come to see us: "Doctor, every morning I almost spit my heart out."

This irritating phenomenon is most conclusive, and it certainly contributes to causing lung cancer. Yet, coughing and spitting are not nearly as common with old smokers as they are with those continue to smoke in general. One needs only refer to the chronic cough of coughers, or smokers' cough, as it is commonly called.

There is improvement when victims of broncho-pulmonary diseases quit smoking. Mr. Speaker, the one who now speaks to you quit smoking almost eight years ago. I may have put on a little weight but, even at that, I feel very fit. I can say that in the morning I feel as gay as a lark. I am no longer, Mr. Speaker, a slave to the cigarette.

It is also true that inveterate smokers always keep in their lungs as much as 50 per

cent of the smoke inhaled. A few drops are deposited directly onto the walls of the bronchia, others are picked up by mobile cells mostly in the air sacks; several of the cells emigrate into the bronchia and travel up the walls of the membrane. We also note that the breathing capacity is inhibited in smokers.

It has been proved that those who begin smoking at an early age are short of breath, particularly when doing physical exercise or engaging in certain sports such as hockey, ski or basketball. Moreover, it has been established that cigarette smoke inhibits certain functions of the normal respiratory system, as I have just shown. It has also been noticed—and this is very serious—that a cerebral pollution occurs, causing a certain haze on the brain of the inveterate smoker, who will often put forward obscure and not too clear arguments, resulting in a foggy October morning type of reasoning. This is important for us, in this chamber, for we often feel the lunatic and confusing effect of smoke on the brain, during certain speeches.

There was some reference to the habit of cigarette-smoking in Canadian children. Unfortunately, many of them begin smoking when they are very young. Among their more active members are those in their early teens.

A survey conducted in Canada shows that one half of the boys and one third of the girls are habitual smokers at age 17. If one refers to a survey conducted by a James B. Morrison and published in the *Canadian Journal of Public Health* in 1964—in that case the survey was conducted among children between grades 5 and 12 in a Winnipeg school—one finds that children smoke very little before age 12, and that progress in school was slower among smokers and this, to a marked degree.

Tobacco addiction finds most of its recruits between the ages of 12 and 16 and, as I said before, at the age of 17, 50 per cent of the boys and 30 per cent of the girls declared themselves smokers. Of course, at the age of 18, those ratios have increased to 55 per cent and 33 per cent respectively.

Finally, let us say, that there is quite a close relationship between the smoking habit among students and their parents. According to the same inquiry, published in the *Canadian Journal of Public Health,* boys smoked more if one or the other of their parents or both smoked. This is also true of girls, but that habit was connected more frequently with that of the mother. That parental habit influences the girls more than the boys, according to the studies which have been made.

• (5:50 p.m.)

Reports have also shown that the parents' example in this field will necessarily contribute to increase, decrease or abolish the smoking habit in young people and teenagers. In the United States, 68 per cent of men and 32 per cent of women of 18 years or more were registered among regular cigarette smokers.

Mr. Speaker, I simply wish to show that this bill seems absurd at first sight, especially on reading subsection 1 of clause 4:

> —Every one is guilty of an offence and liable on summary conviction in the case of a first offence to be reprimanded, in the case of a second offence to a penalty not exceeding one dollar, and in the case of a third or subsequent offence to a penalty not exceeding four dollars, who, being under the age of 16 years, smokes or chews—

And I doubt that one could chew at 13 years of age—

> —tobacco in a street or public place, or purchases or has in his possession, whether for his own use or not, any cigarettes or cigarette papers, or purchases or has in his possession for his own use tobacco in any form other than cigarettes.

I hardly need to tell those who have reached a certain age and who have lived a bit, that children hide to smoke corn silk, particularly in the fall.

Contrary to my hon. colleague from York-Humber (Mr. Cowan), I feel that chapter 266 should be maintained as is in the statutes.

It is already a warning, and one representative of authority. And when the young people read or hear about someone who, 60 odd years before thought of them so that they might not be caught by the habit that will lead them to an early grave, I feel they will appreciate it. This may represent a very small benefit, but it is something that should stay in our mores since we are a people who have always had and continue to have a healthy fear of authority and who submit to it willingly, since fear is often the beginning of wisdom.

Section 4 of this act to restrain the use of tobacco among young people stipulates that a person guilty of a first offence is liable to be reprimanded and, in the case of a second offence, to a penalty of one dollar, as I have said. But this is symbolic rather than punitive. And I am sure that in certain areas today, the law is enforced not as a penal law but simply as a reprimand, to warn children that they are getting into a very dangerous habit.

Mr. Speaker, times have changed, but people have always remained relatively stable in their *modus vivendi*. As I said before, this act is enforced from time to time and appropriately so. And I cannot understand why it should be repealed, since it is now considered as part of prophylactic medicine, inspiring fear while at the same time pointing out a great danger: slow and painful death by lung cancer.

I hope that someday—resolutions to this effect have been brought forward in the house before—a skull will be printed on packages of cigarettes, under which there will be a warning of real danger, particularly for young people.

At this point, Mr. Speaker, I should like to quote—

Mr. Speaker: Order. I must point out to the hon. member that the time at his disposal has expired.

[*English*]

Mr. Thompson: I rise on a point of order, Mr. Speaker. I wonder if we could stop the debate at this time and complete second reading of this bill or refer it to a committee?

Mr. Grant Deachman (Vancouver-Quadra): Mr. Speaker, during the few minutes that are left—

Mr. Thompson: Talk it out.

Mr. Deachman: —I should like to make a few remarks about this very interesting bill. This little bill concerns the Tobacco Restraints Act, and that act is not one I would want to see removed from our statutes. I do not say this because I disagree with the hon. member for York-Humber (Mr. Cowan) because I find myself in agreement with much of what he said. However, I should like to see this act remain on the statute books because it is a child's introduction to the statutes of Canada. I think it should be left there to continue to perform that purpose.

I can recall as a child, and I am sure other members of this chamber can, when it was a common thing to have the privilege of rushing down to the corner store on Sunday morning to get a package of cigarettes because there were none in the house. Generally there was some reward for this. In addition, one had a feeling of daring because he was violating a statute in performing the errand. I think it had a salutary effect.

Mr. Herridge: Had you read the statute then?

Mr. Deachman: I had read it, and I read it at the age of six. It is for these reasons that I should like to keep it. I think this statute helps to stimulate wonderful addresses in the house, such as the address of the hon. member for York-Humber and hon. member for New Westminster (Mr. Mather). The hon. member for New Westminster has a long and distinguished career in addressing the house on the subject of smoking. He was well known in British Columbia, Mr. Speaker, where he almost had a career as a non-smoker for years before coming to this house. As perhaps some hon. members know, he was the president of the Never-Touch-Em Club. He was not the founder of the Never-Touch-Em Club. That club was founded by a Vancouver newspaperman who thought of the idea of handing out badges which read, "Never-Touch-Em".

If you smoked you carried one of these badges behind the lapel of your coat, and when you gave up smoking you flashed the badge whenever people offered you a cigarette. This newspaperman had been president of the club and a non-smoker for some time. Then he was sent by his newspaper to do a story in South America and he was found skulking through the Andes with a fag in his lips. He had to relinquish the presidency of the Never-Touch-Em Club and the presidency then fell to the hon. member for New Westminster. He has upheld the tradition of that club without fail ever since. It is for this reason he is able to come before us and address the house on this subject, and it is for this reason we would like to hear him again. As I say, it is for this reason I do not want to see this statute removed from the statute books or we may be denied that privilege.

May I call it six o'clock?

Mr. Deputy Speaker: The hour for private members business has expired.

Mr. McIlraith: On Wednesday last, Mr. Speaker, the resolution was adopted providing for the Judges Act amendments bill. The

bill was not given first reading, so I should like to move first reading of that bill now.

Some hon. Members: Agreed.

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, TRAVELLING EXPENSES, ETC.

Hon. G. J. McIlraith (for the Minister of Justice) moved for leave to introduce Bill No. C-267, to amend the Judges Act.

Motion agreed to and bill read the first time.

• (6:00 p.m.)

BUSINESS OF THE HOUSE

Mr. McIlraith: On Monday the house will be asked to continue consideration of the supplementary budget. At the conclusion of that it will consider that Canada deposit insurance legislation, which has been reported back from committee today. Then we shall continue with the budget resolutions, and the legislation flowing from them.

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

HOUSE OF COMMONS

Monday, February 13, 1967

The house met at 2.30 p.m.

FINANCE

TABLING OF CORRESPONDENCE BETWEEN QUEBEC PREMIER AND PRIME MINISTER

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to table an exchange of letters between the Prime Minister of Quebec and the Prime Minister of Canada on federal provincial discussions on the working of our financial institutions and on securities legislation.

Mr. Speaker: Has the Prime Minister leave to table these documents?

Some hon. Members: Agreed.

POWER

TABLING OF REPORT OF COLUMBIA RIVER ENGINEERING BOARD

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I would like to table the annual report of the Columbia river treaty permanent engineering board.

Mr. Speaker: Has the minister leave to table this document?

Some hon. Members: Agreed.

JUDGES ACT

FURTHER AMENDMENT RESPECTING BRITISH COLUMBIA

Hon. L. T. Pennell (for the Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to amend the proposed measure to amend the Judges Act, Bill C-267, now before the House by substituting the words "eighteen judges and junior judges of the county courts" for the words "seventeen judges and junior judges of the county courts" in lines seven and eight of page 5 of the said bill, under the heading "British Columbia".

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

EXTERNAL AID PROGRAM

Question No. 2,090—**Mr. Langlois (Mégantic):**

1. What was the total Canadian contribution to the external aid program for the year 1965?

2. Under the external aid program (a) how many foreign students were studying in Canadian schools for the year 1965 and from what countries were they (b) in what different branches of study were these students registered and how many in each branch (c) what is the maximum amount allotted by the Canadian government for a student on a normal four year university course?

3. How many foreign students graduated from Canadian universities under the external aid program since it has been in application, and (a) how many have remained in Canada (b) how many have definitely returned (c) how many have made application to stay or return to Canada under Canadian citizenship?

4. How many foreign students are at present registered for university courses in Canada under the external aid program?

5. Since this program has been in application, what is the average cost per student to the Canadian government?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): 1. During the calendar year 1965, the Canadian Government made available:

Bilateral Grants	$113,100,000
Bilateral Loans	62,300,000
Multilateral Grants and subscriptions	27,060,000
Export Credits	56,900,000
	$259,360,000

2. (a) In 1965, 931 students studied in Canada under the External Aid program, from the following countries. Africa: Cameroun, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Gambia, Ghana, Kenya, Lesotho, Malagasy, Malawi, Mali, Mauritius, Morocco, Nigeria, Rhodesia, Sierra Leone, Tanzania, Togo, Uganda. Caribbean: Barbados, British Honduras, Guyana, Jamaica, Leeward Islands, Trinidad, Windward Islands. Asia: Afghanistan, Brunei, Burma, Cambodia, Ceylon, Hong

Kong, India, Indonesia, Korea, Laos, Malaysia (Malaya, Sabah, and Sarawak), Nepal, Pakistan, Philippines, Singapore, Thailand, Viet Nam.

2. (b) Students were in the following branches of study: Humanities, 43; Education, 107; Fine Arts, 18; Law, 2; Social Sciences, 63; Economics and related subjects, 49; Natural Sciences, 170; Engineering, 245; Medical Sciences, 143; Agriculture, 89; Other, 2.

2. (c) There is no maximum amount allotted by the Canadian Government for a student on a four-year university course. The Government pays tuition fees and grants a living allowance to the students, a clothing allowance and a book and equipment allowance, all in accordance with rules laid down in the Technical and Educational Assistance Regulations.

3. Since the External Aid program has been in operation, 515 foreign students have graduated from Canadian universities. (a) nine have remained in Canada; (b) 504 have returned to their homes; two have gone to the United States; (c) information not available except in respect of those mentioned in (a) above; under the Canadian Citizenship Act and Regulations, to be eligible to apply for Canadian citizenship, students have to become landed immigrants (as distinct from students) and then reside in Canada for five years.

4. There are presently 1,475 foreign students registered for university courses in Canada under the External Aid program.

5. The average cost to the Canadian Government for students brought to Canada since the inception of the program is $5,467.29 per annum.

[*English*]

KINGSTON PENITENTIARY—RECEPTION OF FRENCH BROADCASTS

Question No. 2,147—**Mr. Lachance:**

1. Is it true that the inmates in the Kingston penitentiary, of whom 30 per cent are French speaking, are not given the right, or the privilege, of listening to a French speaking channel over their radio system, in their cells?

2. If so, does the government intend to correct this situation?

3. Does the same situation exist in the other penitentiary institutions in Canada?

Hon. L. T. Pennell (Solicitor General): 1. No. The Kingston penitentiary cellular radio system relays broadcasts on two nets with a two net receiver located in each cell. One of these nets relays French broadcasts on the basis of two hours per day. The other net is used almost entirely for sports programming.

The radio system programming is governed by the wishes of the inmate population and reflects such wishes on a proportionate basis.

It should be noted that French radio broadcasting is not available in Kingston city, nor in the immediate geographical area. The reception of such broadcasting presents technical difficulties, since it originates from Cornwall, Hull or Montreal, and the quality of sound reception varies from time to time.

2. Yes. Equipment and material have been requisitioned to provide a third net with a view to providing more extensive French radio reception.

3. Yes. A similar situation exists at Dorchester penitentiary where French programs are broadcast on the basis of one hour per day, in accordance with the wishes of the inmate population, as expressed by the institutional inmates' recreation committee which includes French representation.

EXPO '67 PRIZE WINNING SONG

Question No. 2,397—**Mr. Coates:**

1. In what way does Expo '67 plan to promote the use of the prize-winning song for which $6,000 in prizes was awarded and why has this song not received the same degree of exposure as has been evidenced by the song produced by Bobby Gimby for the centennial commission?

2. Was any consideration given to commissioning Bobby Gimby to produce a song for Expo '67 rather than promoting a contest with prize money available?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. The $6,000 in prize money was provided by the Sun Life Assurance Company of Canada and La Fondation des Amis de l'Art.

Under the contract entered into by the Le Festival du Disque Inc., the Sun Life Company of Canada and Expo '67, Le Festival du Disque Inc. agreed to promote the publication, reproduction and performance of the winning song in Canada and throughout the world so as to obtain the maximum practical distribution. This is being done through a direct mailing campaign to the U.S. and Canada song publishers and radio stations throughout the world.

In addition, the Expo song will be played by the Expo band and Sun Life carillon for

the duration of the exhibition. Recordings made by the Expo band will be distributed by Expo's p.r. department. Sheet music is being sent to all amateur choirs, throughout Canada, to be included in their repertoires.

In addition, the youth pavillon plans to promote the Expo song.

2. No.

ADVERTISING COST IN "HOLIDAY" MAGAZINE

Question No. 2,398—**Mr. Coates:**

1. How much has been paid by either the centennial commission or Expo '67 or both, to *Holiday* magazine for the full-page ads which have appeared in that magazine promoting Canada's centennial and Expo '67 to date?

2. Is any additional advertising anticipated in this magazine and, if so (a) how much (b) what is the estimated cost?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. Advertising on Expo appeared in *Holiday* magazine, starting in 1966 in the following issues: April, May, August and November which cost the Canadian Corporation for the 1967 World Exhibition $40,035.

Advertising placed by the Canadian government travel bureau in support of the centennial commission during 1966 cost $13,-115.75.

2. (a) Yes, advertising on Expo will be made in three more issues in 1967; March, April and May. (b) $44,100.

(a) Advertising will be placed by the Canadian government travel bureau in support of the centennial commission in the March issue in 1967. (b) $11,405.

YELLOWKNIFE, N.W.T.—COST OF SUPPLYING TELEVISION

Question No. 2,405—**Mr. Laprise:**

What are the C.B.C. estimates for supplying television for the population of Yellowknife?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. that the cost of the technical installation at Yellowknife and the recording facilities at Edmonton to supply the required program package is estimated at approximately $84,000. The estimated annual operating cost of the proposed station at Yellowknife is approximately $22,000 a year, based on an initial and experimental four-hour daily schedule.

[*English*]

ADMINISTRATION SECRETARIAT CHIEF, INDIAN AFFAIRS

Question No. 2,439—**Mr. Orlikow:**

1. Who is the chief of the secretariat of the administration directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Harold Grenville Sprott is the acting-chief of the secretariat. 2. Since June 27, 1966.

3. Academic qualifications: (a) Queen's University, B. Comm.

4. Since joining the branch, ten years ago, Mr. Sprott has held responsible positions in both headquarters and in the field. During that period his duties have required him to work closely with individual Indians and with band councils.

5. His duties and responsibilities are:

"Under the director of administration to be responsible for securing information and preparing replies to parliamentary questions, correspondence from members of parliament and others and inquiries of a general nature pertaining to the functions of more than one division; for discharging the branch responsibilities relating to the liquor provisions of the Indian Act, band council elections, band by-laws, and regulations pertaining to community order; to prepare instructions, reports and correspondence required on matters concerning band council procedure, law enforcement on reserves; Indian status and legal rights and other matters of a quasi-legal nature".

Mr. Sprott reports to the director of administration.

BROADCAST EXPENSES, QUEBEC PROVINCIAL ELECTION

Question No. 2,447—**Mr. Grégoire:**

What were the total expenses incurred by each political party during the Quebec election campaign of June 5, 1966, in connection with political broadcasts over private radio and T.V. stations, as reported to the Board of Broadcast Governors?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast

Governors as follows: Each political party is not required to inform the Board of Broadcast Governors about the amount of money they spent during the electoral campaign preceding the Quebec provincial election of June 5, 1966, in connection with political broadcasts over private radio and T.V. stations.

RESIGNATIONS BY NATIONAL DEFENCE HEADQUARTERS OFFICERS

Question No. 2,455—**Mr. Forrestall:**

How many resignations have been submitted by serving officers of the Canadian forces while on duty at national defence headquarters, Ottawa, since January 1, 1965?

Hon. Paul Hellyer (Minister of National Defence): There were 1,987 officers serving at national defence headquarters on 1 January, 1965. The number had decreased to 1,649 by 1 January, 1967. During the intervening period there was the normal posting of officers to and from NDHQ and it is estimated that approximately 3,000 officers served in NDHQ during the two years. During this same period, 264 officers at NDHQ submitted their resignations. Of these, 56 had a minimum of 25 years service and were eligible for voluntary retirement pension or annuity benefits. Most of the remaining 208 were in their last three years of service, a period where many officers negotiate for, and accept, civilian employment.

ADMINISTRATION DIRECTORATE CHIEF, INDIAN AFFAIRS

Question No. 2,462—**Mr. Orlikow:**

1. Who is the director of the administration directorate of the Department of Indian Affairs and Northern Development?
2. How long has he held the position?
3. What are his academic qualifications?
4. What is his previous experience in working with Indians either in the department or elsewhere?
5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Jules D'Astous.

2. Since June 9, 1964.

3. Academic qualifications: (a) B.S.A.

4. Mr. D'Astous held the position of regional supervisor of Indian agencies from 1951 to 1954; during that period his duties called for frequent contacts and meetings with individual Indians and band councils in the provinces of Quebec and New Brunswick.

While occupying the position of the chief of agencies division and of the chief of the economic development division at headquarters between 1954 and 1964, Mr. D'Astous' duties involved meetings, discussions and field trips to Indian reserves and agencies.

5. His duties and responsibilities are: "To have over-all responsibility and authority for providing a branch secretariat and information service; for the formulation of policy, related planning and the administration of Indian lands and band funds in accordance with the provisions of the Indian Act; for the compilation and maintenance of records and legal surveys with respect to Indian lands; settlement of estates; keeping of band membership lists; for carrying out transactions relating to the crown's obligations under treaties and maintaining a record with respect thereto; for the provision of office services, supplies and equipment and for paper work management, systems and forms control; for the editing and issue of all general instructions".

Mr. D'Astous reports to director of Indian affairs branch.

POLICY DIRECTORATE CHIEF, INDIAN AFFAIRS

Question No. 2,463—**Mr. Orlikow:**

1. Who is the director of the policy and planning directorate of the Department of Indian Affairs and Northern Development?
2. How long has he held the position?
3. What are his academic qualifications?
4. What is his previous experience in working with Indians either in the department or elsewhere?
5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Cyril Irvin Fairholm is the acting director.

2. Since June 27, 1966.

3. Academic qualifications: (a) Queen's University, B.A., (b) Alberta Normal School, Edmonton, teacher's certificate.

4. Since joining the branch, 17 years ago, Mr. Fairholm was in continuous touch with Indians in their homes on the reserves, attended meetings with individual Indians, chiefs, councillors and various representatives of the Indian people throughout Canada.

5. His duties and responsibilities are: "Under the branch director, to have authority and responsibility for the formulation of broad policy and the related planning; to collaborate with the directors of development, education and administration in the establishment of long term goals and to co-ordinate the formulation of policies and the planning leading thereto; to supervise and direct research specialists in the task of gathering, co-ordinating and interpreting new or existing

data, including statistics, as a basis for recommending new activities and evaluating ones now in progress and recommending changes in emphasis or direction of programs; to review Indian legislation, recommending amendments required by policy changes and provide liaison with drafting officers".

Mr. Fairholm reports to the director of Indian affairs branch.

ARMED FORCES PERSONNEL

Question No. 2,500—**Mr. Harkness:**

1. How many persons were recruited for the Navy, Army and Air Force in each of the months of 1966?

2. How many persons were released from the services in each of the months of 1966?

3. What was the strength of the Armed Forces, by service, on December 31, 1966?

4. How many persons were in the process of being released at that time, including those on terminal leave?

Hon. Paul Hellyer (Minister of National Defence):

1.	Navy	Army	Air Force
Jan.	162	225	230
Feb.	215	526	261
March	171	497	259
Apr.	147	328	199
May	143	127	226
Jun.	143	318	163
Jul.	145	392	159
Aug.	170	164	295
Sep.	199	432	498
Oct. / Nov.	713	1626	1013
Dec.	155	235	286

2.	Navy	Army	Air Force
Jan.	361	628	440
Feb.	309	536	473
Mar.	319	611	394
Apr.	211	498	308
May	247	343	325
Jun.	232	483	400
Jul.	313	785	428
Aug.	270	407	512
Sep.	288	603	519
Oct. / Nov.	491	1048	927
Dec.	157	530	396

3.

R.C.N.	18,055
C.A.(R.)	42,766
R.C.A.F.	44,136
Total	104,957

4.

R.C.N.	504
C.A.(R.)	633
R.C.A.F.	596
Total	1733

INSTRUCTIONS TO ARMED FORCES RECRUITS

Question No. 2,502—**Mr. Harkness:**

Are recruits applying for admission to the armed services now told that they must join the armed forces, rather than the navy, army or air force?

Hon. Léo Cadieux (Associate Minister of National Defence): No. In the initial application a potential recruit must designate the service of his choice. There is no method in effect whereby a recruit applying for admission to the Canadian armed forces can be enrolled in other than one of the three existing services.

PENSIONS OF RETIRED ARMED FORCES PERSONNEL

Question No. 2,515—**Mr. Irvine:**

1. How many former members of the Canadian permanent armed forces who have retired previous to 1950 are receiving retirement pensions?

2. How many of the above mentioned who retired prior to 1940 are receiving retirement pensions?

3. How many of the above mentioned who retired prior to 1930 are receiving retirement pensions?

4. During this time, have their pensions been reassessed and increased and, if so (a) how many times (b) when (c) to what extent?

5. When reviewing pensions for retired civil servants, is it the intention that a review of pensions for former members of the Canadian permanent armed forces might be considered?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. 1,708.

2. 204.

3. 48.

4. (a) For those who were eligible, once. (b) on July 1, 1958, (PC 1958—1366 dated 2 October 1958). (c) The extent varied from 1 to 32 per cent for those pensioners whose pensions did not exceed $3,000 in the case of a former member, or $1,500 in the case of a widow of a former member.

5. Yes.

LEASES FOR BUILDING ON CHAREST BOULEVARD, QUEBEC CITY

Question No. 2,521—**Mr. Ricard:**

1. Has the federal government signed any leases with the owner of the building located at 750

Charest blvd. east, in Quebec city and, if so, who is the owner of the building?

2. If the answer to part 1 is yes, what buildings or parts thereof have been rented and what is the size of the premises in each case?

3. What rents are paid?

4. Did such leases follow a call for tenders?

5. If so, what are the names of all tenderers and the amounts of the rents asked for?

6. Since what dates have such leases been in force?

7. When shall such leases expire?

8. Is it the intention of the government to renew such leases?

9. If so, will the government call for tenders?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes—Maurice Pollack Realty Company Limited.

2. Whole of the fifth and part of the fourth floor of a five-storey building—comprising 38,658 net square feet of office space—located at 750 Charest Blvd., East, Quebec City.

3. $90,000. per annum payable monthly.

4. No.

5. Not applicable.

6. The present lease has been in force since February 1, 1964.

7. January 31, 1969.

8. No.

9. Not applicable.

[*English*]

PAY RATES, ARMED FORCES MEDICAL AND DENTAL OFFICERS

Question No. 2,522—**Mr. Lambert:**

1. With the introduction of the revised armed service pay scale effective October 1, 1966, what is (a) the basic (b) the total rate of pay and allowances of a dental officer during each of the first five years of service?

2. What are the comparable rates of pay and allowances for a medical officer?

3. What are the reasons for the differences, if any, taking into account the cost and extent of training and of respective responsibilities in the course of duty?

4. Have protests been received or representations been made within the services with regard to any differences in the pay scale and, if so (a) what consideration has been given to such representations (b) with what result?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. The revised Canadian forces pay, effective 1 October 1966, for dental and medical officers is at consolidated rates. Dental officers allowances and medical officer allowances were abolished on 1 October 1966. The rates for dental officers in the rank of captain during each of the first five years are: 1st year, $10,572; 2nd year, $10,980; 3rd year, $11,388; 4th year, $11,844; 5th year, $12,300.

2. The comparable rates for medical officers in the rank of captain during each of the first five years are: 1st year, $8,328; 2nd year, $8,736; 3rd year, $9,144; 4th year, $12,504; 5th year, $13,080.

(Note: The majority of medical officers who stay in the Canadian forces are promoted to major after four years and receive an annual rate of $14,160).

3. The salary scales for dental and medical officers in the civil service were taken into consideration when the above rates for dental officers and medical officers in the Canadian forces were established.

4. Protests have been received from junior medical officers concerning rates of pay for the first three years of service. Consideration is presently being given to revising the rates paid during the first three years of service for medical officers.

SALES TAX ON JEWELLERY

Question No. 2,554—**Mr. MacRae:**

Is the government giving any consideration to abolishing the sales tax on jewellery?

Hon. Mitchell Sharp (Minister of Finance): This question concerns budget policy. If the government proposes any change in the Excise Tax Act affecting jewellery, it will be announced at the appropriate time.

COMPANY OF YOUNG CANADIANS—ACTIVITIES IN ATLANTIC PROVINCES

Question No. 2,560—**Mr. Muir (Cape Breton North and Victoria):**

1. In what areas and locations are members of the Company of Young Canadians engaged (a) in Nova Scotia (b) in New Brunswick (c) in Prince Edward Island (d) in Newfoundland?

2. On what date, in each case, did they commence their work and to what specific projects have they been assigned in each area?

3. What are the names, ages, addresses and qualifications of each of the members of the Company of Young Canadians chosen for assignments in the aforementioned provinces?

Right Hon. L. B. Pearson (Prime Minister): I am informed by the Company of Young Canadians as follows:

1. and 2.

Province	Project	Location	Start of project
(a) Nova Scotia	Eskasoni Indian reserve	Eskasoni	June, 1966
	Three-Mile Five-Mile Plains	Windsor	August, 1966
	Nova Scotia project	Halifax	August, 1966
	Glace Bay project	Glace Bay	August, 1966
	Halifax Welfare council	Halifax	August, 1966
(b) New Brunswick	Urban renewal	St. John	August, 1966
	Killarney road	Fredericton	October, 1966
(c) Prince Edward Island	No active projects		
(d) Newfoundland	Northern Peninsula Co-op development	Brig Bay	August, 1966

3. The names of volunteers working on projects in the Atlantic area are Mr. Bill Poole, Miss Barbara Hall, Mrs. Joan Jones, Miss Carol Oliver, Mr. and Mrs. K. Pattison, Miss Susan McLean, Miss Patricia Ross, Mr. Darby Eddy, Mr. and Mrs. G. Fatels, Miss Sue McAdam, Miss Sara Williamson, Mrs. K. Embleton and Mr. Ron McKay.

Specific information on individual volunteers is confidential, but their ages range from 18 to 30, the average age being 22. Nine have completed post secondary school education, three of these have graduated from university, one is a registered nurse, and one a trained teacher. The balance have completed at least junior matriculation.

* HISTORIC SITES—PRESERVATION OF PLAQUE FROM ABBEY HOUSE, LONDON

Question No. 2,566—**Mr. McNulty:**

1. Has the government any plan to preserve or re-locate the tablet commemorating the drawing-up of the terms of the British North America Act now situated in a conference room in Abbey House, London, England, which building is soon to be demolished?

2. If so (a) what is the nature of the plan (b) what steps, if any, have been taken in this regard?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, the answer to the first question is yes. The answer to the first part of the second question is: To recover a plaque when Abbey House is demolished and relocate it in either Macdonald House or Canada House. For structural reasons it is impossible to remove the plaque until the supporting wall is being demolished. The answer to the second part of the second question is: Because original demolition plans have been postponed by some 18 months, the London office of the Canadian government is maintaining a watching brief.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TENDERS FOR SALE OF JEEPS, QUEBEC

Question No. 2,372—**Mr. Racine:**

1. In the past six months has the Department of Defence Production called for tenders for the sale of jeeps in Quebec city and Sorel?

2. If so (a) how many tenders were submitted (b) what was the amount of each tender (c) who was awarded the contract?

Return tabled.

OWNERSHIP OF ISLANDS, HALIFAX HARBOUR

Question No. 2,418—**Mr. Forrestall:**

1. Who owns McNab Island, located at the entrance to Halifax Harbour?

2. Who owns Lawlor Island, located adjacent to McNab Island?

3. If not under total federal control and/or ownership, what individuals, firms or other interests have any control or ownership of the land on the two islands?

4. If under any federal jurisdiction, which department or departments are concerned?

5. To what present use are the two islands being put?

6. What are the future plans for the two islands?

7. When will such plans be put into motion?

Return tabled.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, before orders

of the day are called I rise on a question of privilege. It is becoming more and more difficult all the time to obtain answers from the C.B.C. I cannot understand this. Parliament is entitled to have these questions answered. I very seldom place questions on the order paper, but I do want this information. Starred question No. 2,509 has been on the order paper now for 20 days. The question is:

1. What are the names and addresses of the chosen officials and/or employees of the C.B.C. who are to be the recipients of and have free use of the coloured T.V. sets recently purchased by the C.B.C.?

2. From what companies and/or individuals were such coloured T.V. sets purchased?

3. Was such purchase preceded by a resolution passed by the C.B.C. and, if so, on what date was such resolution passed?

Questions that are starred are supposed to be answered. In the British parliament they are answered within three days. This is a flagrant disregard of questions by the C.B.C. Unless the answer is immediately forthcoming I will have more to say on this.

FINANCE

U.S. ORDER RESPECTING INSPECTION OF BANKS IN FOREIGN COUNTRIES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a number of questions to the Minister of Finance in connection with an order of the federal reserve board of the United States which permits United States government inspection of banks controlled by United States banks outside that country. In view of this, is it the intention of the government to re-examine the sale of shares of Canadian banks to United States banks? Has any reply been received to the protest, if any, which has been made to the United States in respect of an order which extends the authority of the United States government beyond its territorial boundaries? I should also like to ask the minister whether he will table the terms of the Canadian objection and the United States reply so that Canadians may know, not second hand but directly, what is the attitude of the government of Canada in this connection.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, may I reply to the first of these questions and then ask my colleague the Secretary of State for External Affairs to reply to the remainder.

[Mr. Diefenbaker.]

It is not the intention of the government to ask for any further revisions to the Bank Act as a result of the regulation of the federal reserve board of the United States. I believe the proposals the government has put before parliament by way of amendments to the Bank Act are sufficient to ensure that no bank controlled in the United States can expand in Canada. That is the purpose of our law and I hope it will be confirmed by this parliament.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, to supplement the reply by the Minister of Finance I should like to say that we have made representations to United States authorities concerning what we believe to be the extraterritorial implications of the proposed revision of the regulations—

Mr. Diefenbaker: On what date?

Mr. Martin (Essex East): As of Friday, soon after they were brought to our attention. These representations were made in respect of the proposed revision of the regulations of the United States federal reserve board governing the foreign operations of United States controlled banks. Our ambassader was instructed to express the well known Canadian government view on the unacceptability of the principle that laws and regulations of one country should have extraterritorial effect in another.

It will be remembered that in March of last year this was the position taken by Canadian ministers at the United States-Canada ministerial meeting. This was the position I took in Washington in July in regard to other measures we felt had an extraterritorial effect. It is and has been the policy of the government of Canada to state that it cannot accept from the United States or any other country any regulation or law which has an extraterritorial effect in this country.

Mr. Diefenbaker: Mr. Speaker, I am glad that what was described as the heresy of the government I had the honour to head and which was condemned at the time, has become the cornerstone of this government's policy. Is it the intention of the government of Canada to make a declaration to those firms operating in Canada—I was going to say a unilateral declaration of independence—that they shall not follow guide lines except those issuing from the government or parliament of Canada?

Mr. Martin (Essex East): Mr. Speaker, after the discussions that were held in March and

the position we took regarding the guide line policy of the United States, I should be surprised if the representations made by Canada on Friday do not receive equal consideration; namely, that the United States government will recognize that U.S. corporate enterprises in this country must conform to the laws of Canada and are not subject to the laws of the United States.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question for the Minister of Finance. In view of the fact that the new United States federal reserve board regulations come into effect today I should like to ask the minister two questions. First, does this mean that the Mercantile Bank will now be required to report directly to the U.S. federal reserve board, which fulfils much the same function as the central bank in Canada? Second, is it the intention of the Minister of Finance to allow the Mercantile Bank to report directly to the United States federal agency, thus violating Canadian sovereignty?

Mr. Sharp: There is really nothing I need add to what my colleague the Secretary of State for External Affairs has said, Mr. Speaker, namely that we will not permit the laws of the United States to apply in Canada because we would consider this a violation of our national sovereignty.

Mr. Douglas: Do I take it from the minister's reply that he will make it clear to the Mercantile Bank that it must not report to the United States federal agency, and that any action of that kind would result in disciplinary action by the government of Canada?

Mr. Sharp: Mr. Speaker, I think we should go further and insist that the United States government does not require the Mercantile Bank or any other Canadian bank to report to the United States.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a supplementary question to the hon. Minister of Finance and Receiver General. In view of this very logical Canadian policy aimed at having the Americans obey our Canadian legislation, have the United States authorities threatened the Minister of Finance or the government with restrictions on operations of Canadian banks in the United States?

[*English*]

Mr. Sharp: No, Mr. Speaker.

EXTERNAL AFFAIRS

CONVERSATIONS BETWEEN PRIME MINISTER OF U.K. AND PREMIER OF RUSSIA

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is to the right hon. Prime Minister. In view of the fact that the week long talks between the Prime Minister of Great Britain and Premier Kosygin of Russia ended last night, and reports that telephone conversations were also held with the President of the United States in the late hours of last night, I wonder whether the Prime Minister can tell us whether he had any communication today or yesterday from Prime Minister Wilson with regard to those talks.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, we have been in touch with the British government in regard to the very important conversations which my hon. friend has mentioned. We hope very shortly to get a fuller report on those conversations.

INDUSTRY

REQUEST FOR COMMITTEE CONSIDERATION OF AUTOMOBILE AGREEMENT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the Minister of Industry. Since he has acknowledged a letter from the city of Oshawa dated January 30 last, when does the minister expect to reply to their request, which was as follows:

> We urge you and your government to consider immediately a study, either by a joint committee of the House of Commons and Senate or by a standing committee, of the implications of the auto pact agreement leading to a complete reconsideration of this pact.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I hope to be able to furnish a reply to the city of Ottawa very shortly indeed.

Mr. Starr: You had better address it to Oshawa.

CANADIAN CENTENNIAL

ISSUANCE OF DOLLAR BILLS BEARING NO SERIAL NUMBERS

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I would like to ask a question of the Minister of Finance. Is the centennial issue of $1 bills which bear no serial number but simply "1867-1967" in the spot on the bill where the

serial number normally appears, in contravention of any international or national law concerning the issuance of paper currency?

Mr. Speaker: Order, please. I would not think that question should be asked at the present time.

Mr. Monteith: Mr. Speaker, the reason I asked my question in that form was that there are rumours that these bills will be produced only in a certain quantity, and there are also rumours that they will not be good as currency following 1967.

Mr. Speaker: Order, please. I would rather allow the minister to answer the question.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I can assure the hon. gentleman that any bills issued by the Bank of Canada will always be legal tender.

[*Translation*]

[*Later:*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, a supplementary question. Not too long ago I put a question to the hon. Minister of Finance. Since he did not answer at the time, I shall repeat my question today.

Have the necessary measures been taken in order to keep a close watch on the printing of $1 bills bearing no serial number, in order to prevent any counterfeiting of these bills? Is there any control at the present time?

Mr. Sharp: Yes, Mr. Speaker.

Mr. Réal Caouette (Villeneuve): Mr. Speaker, the Minister of Finance has just stated that all bills and coins issued by the Bank of Canada will be legal tender.

Can the minister tell the house whether the figures created by the Bank of Canada are also legal figures?

[*English*]

Mr. Speaker: Order, please.

[*Later:*]

Mr. Monteith: I have a further supplementary question for the Minister of Finance related to the subject we were discussing earlier. Since these $1 centennial bills are reported to be selling at a premium as high as 100 per cent in certain quarters, could the minister assure the house and the people of Canada that there will be a sufficient supply to satisfy the demand?

Mr. Sharp: Mr. Speaker, I shall make inquiries from the Bank of Canada and answer later.

[Mr. Monteith.]

HEALTH AND WELFARE

SASKATCHEWAN—REQUEST FOR INCREASED ASSISTANCE FOR HOSPITAL CONSTRUCTION

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Has the government received representations from the government of the province of Saskatchewan regarding the need for increased assistance for hospital construction?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have received representations from almost all provincial governments, if not all, on the question of increased assistance for hospital construction.

Mr. Nasserden: I have a supplementary question, Mr. Speaker. Can the minister tell us whether he has decided to provide an increase for hospital construction?

Mr. MacEachen: Yes, Mr. Speaker, a decision was announced last year that the aid would continue for an additional two or three years.

Mr. Nasserden: Mr. Speaker, that was not the question I put to the minister. I asked him whether any additional increase in assistance for hospital construction was contemplated by the government at this time.

Mr. MacEachen: No, Mr. Speaker, it is not proposed either to increase or to extend, this particular program.

[*Later:*]

Mr. Nasserden: I should like to direct a question to the Minister of National Health and Welfare. Is the minister aware of the fact that 3,000 people are awaiting admission to hospital in the city of Saskatoon?

Mr. MacEachen: I thank my hon. friend for giving me this information.

OLD AGE SECURITY

YEARLY COMPLETION OF FORM RESPECTING INCOME SUPPLEMENT

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I also have a question for the Minister of National Health and Welfare. I wish to thank him for the booklet and the application form for the guaranteed income

supplement to the old age security pension. Although I am not yet old enough to complete this form I would like the minister to tell the house for the guidance of our old age pensioners whether it will be necessary for pensioners to complete a form similar to this one each and every year, in view of the fact that the form I have before me only asks for a statement of income for the year 1966?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker, it will be necessary to do so.

TELEVISION

PROGRAM ON C.T.V. RESPECTING USE OF CERTAIN DRUGS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I have not given notice of this question to the Solicitor General, so he may not be able to give me an answer at this time. My question has to do with a program on C.T.V. called "W5" which had to do with marijuana and LSD and could not but have the effect of encouraging experimentation by young men and women across Canada. Has this program been brought to the attention of the law enforcement officers of the crown, and what action will be taken to prevent the flagrant exploitation and encouragement of crime in this manner?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I have no personal knowledge of the program referred to by the right hon. gentleman, but I will discuss it with the officials of my department.

POWER

COLUMBIA RIVER—REPORT OF ENGINEERING BOARD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address two questions to the Minister of Energy, Mines and Resources. First of all I wish to thank him for answering my out of order question last week by tabling the report about which I was inquiring, at that time.

My questions are as follows: Will members of the house receive copies of this engineering report on the Columbia river, and will this report be sent to the appropriate committee of the house for its study?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, may I say with respect to the first question that tabling the report is one way of making it available to members of the house. If some hon. members would like a copy I will do my very best to provide them with one for their own personal use.

With respect to the second question, I think this matter should be brought to the attention of the chairman of that particular committee.

EXTERNAL AFFAIRS

SUGGESTED RENEGOTIATION OF MIGRATORY BIRDS CONVENTION

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to address a question to the right hon. Prime Minister. In view of the fact that an application to appeal has been approved by the Supreme Court of Canada on a further conviction of a treaty Indian hunting migratory birds out of season in Canada, can the Prime Minister say whether the government is in a position as yet to do something about the conflict which exists between the Migratory Birds Convention Act and the treaties which the federal government has signed with the Indians of Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I believe when this question was answered the last time it was stated that we were considering the desirability or otherwise of taking up the matter of a revision of the treaty with the United States government. That consideration has not yet been completed, but as soon as it is I will be glad to announce it to the house.

Mr. Simpson: Does the Prime Minister not consider that this centennial year is the appropriate and right time to get this matter straightened out once and for all?

Mr. Speaker: Order, please.

SPORTS

HALIFAX—REQUEST FOR ASSISTANCE FOR SUMMER GAMES

On the orders of the day:

Mr. J. M. Forrestall (Halifax): My question is for the Minister of National Health and Welfare. However, before putting it I should like to extend my congratulations both to him and to the Prime Minister for their presence in Quebec the other day when the temperature was 30 degrees below zero. They did

very well. I should like to ask the Minister of National Health and Welfare whether he is in a position at present to shed light on the summer games for Halifax?

Mr. Speaker: Order.

Mr. Forrestall: The question is not asked in any sense of jest at all, Mr. Speaker. Time is running out on some of the preliminary work and more delays have been indicated. I wonder if the minister could reply.

Mr. Speaker: I wonder if the hon. member would put a starred question on the order paper.

TRADE

FRUIT—REQUEST FOR TARIFF ON IMPORTS FROM U.S.

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Prime Minister. It is related to my question of January 30 having to do with the fruit growers of Ontario and the adverse effect upon them of large scale imports of processed fruit from the United States. Is the government considering the imposition of a tariff on fruit imported from the United States? I have not yet received an answer to this question.

Right Hon. L. B. Pearson (Prime Minister): The Minister of Finance is in a position to answer that question now.

Hon. Mitchell Sharp (Minister of Finance): I should like to apologize to the hon. member for Ontario. I have had this answer with me on a number of occasions, but I thought perhaps he had lost interest in the matter. Personally I have not received representations of this kind, but I understand that my colleagues the Minister of Trade and Commerce and the Prime Minister have both received representations. Matters of this kind are considered during preparation of the budget, and these representations will receive very careful consideration.

Mr. Starr: May I ask a supplementary question, then. Would the Minister of Finance consider it his duty to put into effect the promise of the Prime Minister made in this respect in Hamilton last fall?

Mr. Speaker: Order, please. The question is argumentative.

[Mr. Forrestall.]

AIR CANADA

SUGGESTED INCREASED USE OF WINNIPEG MAINTENANCE BASE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. In view of reports that the Air Canada base at Dorval is not now adequate for its maintenance and overhaul work and that its facilities will have to be expanded, could the minister remind Air Canada of the fact that its base at Winnipeg could handle both the Viscounts and the DC-9 aircraft?

Hon. J. W. Pickersgill (Minister of Transport): I have no doubt Air Canada will take note of the hon. gentleman's representations.

VETERANS AFFAIRS

PRESENTATION OF WORLD WAR I DECORATIONS—COMMEMORATION OF BATTLE OF VIMY RIDGE

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, the Minister of Finance said a moment ago that he thought perhaps the hon. member for Ontario had lost interest in a question. May I direct my question to the Minister of Veterans Affairs. Has he lost interest in the question I asked him the other day with regard to awards, and the trip to Vimy?

Hon. Roger Teillet (Minister of Veterans Affairs): With regard to the first part of the question, it is true of course that the Victoria Cross and the D.S.O. have always been presented by the monarch. In the case of other awards this has not always been the practice. The conclusion has been arrived at that it would be impractical to attempt to do this during Her Majesty's visit this year.

With regard to the second part of the question concerning the trip to Vimy, the hon. member will recall that in 1936 a ship was engaged to carry some 8,000 veterans overseas. This boat was paid for by the veterans themselves and their dependants. This time there has been no attempt to do this, and I suspect it is because of the difficulty in making arrangements. The pilgrimage will be arranged in the traditional manner, with the Canadian government supplying an official delegation.

Perhaps, Mr. Speaker, you will permit me to use this occasion to invite every member of parliament who was present at Vimy and every member of the other place who was

present at Vimy to be part of the official delegation. If any member of this house or the other place was at Vimy I would be pleased if I could be advised.

Mr. McIntosh: The minister has asked if I remember what happened back in 1936, but I can assure him I was not interested in military affairs in 1936, 30 years ago. The number of survivors of Vimy who would wish to visit that place has been substantially reduced since then. I suggest that as a centennial project the government could do nothing better than offer these veterans a free trip to Vimy.

Mr. R. A. Webb (Hastings-Frontenac): I have a supplementary question, Mr. Speaker. If the federal government will not assume this responsibility, I wonder if the minister would ask each provincial government to be responsible for sending its Dieppe veterans to the Vimy celebrations, just as the government of Newfoundland did for its celebrations last year.

Mr. Teillet: I am sure, Mr. Speaker, the provincial authorities will have noted the hon. gentleman's representations.

NATIONAL DEFENCE

VANCOUVER—PROPOSED SALE OF NORTH SHORE PROPERTY

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): I should like to direct a question to the Minister of Industry, Mr. Speaker. In view of the reported imminent sale to private developers of Vancouver north shore property presently owned but not now required by the Department of National Defence, will the minister give consideration to recommending that this and similar properties be first offered for sale to the municipality or the provincial government for public use?

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

CO-OPERATIVES

INQUIRY AS TO POSSIBLE CHANGE IN TAX LAWS

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I have a question for the Prime Minister, Mr. Speaker. In view of a recent editorial in the Winnipeg *Free Press*, a newspaper known for its support of government views, and the kite flying speech delivered by the hon. member for Kootenay East, is the government contemplating any change in the tax laws applicable to co-operatives in Canada?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker.

[*Translation*]

GOLD MINING ASSISTANCE

PRODUCTION IN NORTHWESTERN QUEBEC—DISCUSSION WITH PROVINCIAL AUTHORITIES

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I have a question for the hon. Minister of Energy, Mines and Resources.

Did the minister recently enter into negotiations with the Quebec provincial authorities with regard to the assistance the various governments can give the development of gold mines in northwestern Quebec?

Mr. Speaker: I wonder if that question, as put by the hon. member, is in order under the present circumstances. To my mind, it bears on a matter of general nature and I would suggest that the member put it on the order paper.

[*English*]

CANADA LABOUR CODE

REQUEST FOR STATEMENT RESPECTING APPLICATIONS FOR DEFERMENT

On the orders of the day:

Hon. Michael Starr (Ontario): In the absence of the Minister of Labour I wish to address this question to his parliamentary secretary, who I know is at least one person in that government who has the interests of labour at heart. I should like to ask him if any decision has been made on applications for exclusion from the provisions of the labour code pertaining to hours of work.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): I was rather suspicious of this backhanded compliment, so I did not quite grasp the question. However, the minister will be back tomorrow and I would prefer to have the minister answer the question.

Mr. David Orlikow (Winnipeg South): A supplementary question, Mr. Speaker. I wonder if the parliamentary secretary would ask the Minister of Labour to tell the house at a very early date when he intends to finalize his decisions in connection with the requests

for deferments which have been made with respect to the hours provision in the Canada labour code. Until the minister does so the 18-month deferment which can be granted stands in abeyance, and this may go on for years.

Mr. Mackasey: Mr. Speaker, tremendous progress has been made in this particular field, contrary to any opposite impression the previous speaker may have given in his speech. I can assure him that the matter is under constant review and that the department is well aware of the necessity for bringing this particular legislation to a logical conclusion.

Mr. Donald MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. I would ask the parliamentary secretary whether he is aware of the fact that applications for deferment have been made, that opposition to those applications has been presented, and that the department has not taken any action on the matter for months.

[*Later:*]

Mr. David Orlikow (Winnipeg North): I should like to direct this question to the parliamentary secretary to the Minister of Labour. When the Minister of Labour replies to the question already asked about the implementation of the Canada Labour (Standards) Code would he also tell the house whether there are still outstanding applications for deferment from Canadian railway companies and, if so, how many workers are still not covered by the provisions of the act?

POST OFFICE DEPARTMENT

REQUEST FOR COMMEMORATIVE STAMP IN 1970 HONOURING KINSMEN CLUBS

On the orders of the day:

Mr. W. C. Scott (Victoria (Ont)): Mr. Speaker, my question is for the Postmaster General. In 1970 the Association of Kinsmen Clubs marks its golden anniversary, and I should like to ask the Postmaster General whether he would consider issuing a special postage stamp to mark this memorable occasion.

Mr. Speaker: Order, please. I would think this question could easily be put on the order paper.

[Mr. Orlikow.]

UNITED NATIONS

SUGGESTED CREATION OF SPECIAL CANADIAN PEACE KEEPING FORCE

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the minister of external affairs if he will support me in my submission to the Minister of National Defence that we provide for our peace keeping activities under the United Nations by the creation of a special force quite separate and apart from the armed fighting services of Canada, that we may thus retain the identity and the role of the navy, army and air force and at the same time assist the United Nations.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I welcome the indication that my hon. friend has now become a convert to the concept of United Nations peace keeping. I have examined what the Minister of National Defence has said, and it seems to me that the policies he has devised are consistent with the excellent record that Canada has of perhaps greater efficiency in responding to United Nations peace keeping efforts than any other country.

Mr. Churchill: Mr. Speaker, a supplementary question. I wonder whether I could convert the minister to giving a direct answer to a question. May I ask him, has he examined the proposition that I put forward with regard to this matter?

Mr. Martin (Essex East): I will make a deal with my hon. friend. If he could be induced to put a direct question he would receive a direct reply. But I would say to him this—

Mr. Speaker: Order, please.

Mr. Martin (Essex East): —that the—

Some hon. Members: Oh, oh.

Mr. Monteith: You are not in opposition now.

Mr. Martin (Essex East): Mr. Speaker, on a point of privilege—

Mr. Speaker: Order. The minister is rising on a question of personal privilege.

Mr. Martin (Essex East): Mr. Speaker, my personal privilege is this, and I am sure it is good advice for my hon. friend. When a question is asked for the purpose of embarrassing, one should never jump to one's own bait.

CANADA COUNCIL

INQUIRY AS TO GRANT FOR PSYCHEDELIC WEEK END

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is for the Secretary of State, but inasmuch as the hon. lady is not here this afternoon I wonder whether her parliamentary secretary would take it as notice. Would she inform the house whether the Canada Council supplied a grant for the recent psychedelic week end at the University of Toronto?

Mr. Speaker: This question should be placed on the order paper.

FINANCE

GOLD—DISCUSSIONS WITH FRANCE RESPECTING INCREASE IN PRICE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Minister of Finance whether there have been any discussions with the Republic of France in connection with the Rueff plan for doubling the price of gold. Has this question been discussed and has consideration been given to an increase in the price, without which, according to Maurice Schumann of the foreign affairs committee of the French national assembly, the European market application of Britain would not be accepted?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I have not had any discussions with the French government about this particular plan. When Mr. Débré was here in Canada some weeks ago we talked about this, as well as a number of other matters, because of his great interest in the subject.

Mr. Diefenbaker: Is consideration being given by Canada to the acceptance of any plan that would increase the price of gold in order to meet the subject of the discussions between the minister and the representative of France?

Mr. Sharp: No, Mr. Speaker.

GOLD MINING ASSISTANCE

PRODUCTION IN NORTHWESTERN QUEBEC—DISCUSSION WITH PROVINCIAL AUTHORITIES

On the orders of the day:

Mr. Speaker: On reflection I have reached the conclusion that the question asked a moment ago by the hon. member for Villeneuve is of the same nature as the one asked by the Leader of the Opposition, and if he still wants to ask his question I will certainly allow him to do so now.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Thank you, Mr. Speaker.

I am pleased to put my question again to the Minister of Energy, Mines and Resources. Did he have any discussions recently with Quebec provincial authorities with a view to increasing the subsidies to gold mines so as to promote the gold mining industry in northwestern Quebec? Did the minister get in touch with provincial authorities in that connection?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, the decision to increase or merely to maintain the gold mining subsidies concerns solely the federal government.

Now this problem involves a social factor of interest to the province of Quebec and several times I have reminded the provincial authorities of the role they could play in the retraining of the miners presently employed in the production of gold.

In somewhat similar circumstances involving the textile industry, the Quebec Minister of Labour suggested to the hon. member for Drummond that he should write his federal member of parliament. May I now suggest to the hon. member for Villeneuve that he should write his member of the provincial legislature?

Mr. Caouette: Mr. Speaker, I wish to direct a question to the Minister of Finance and Receiver General.

A little earlier, in reply to a question from the Leader of the Opposition, he said that there is no question of increasing the price of gold. I think the minister will agree with me that increasing the price of gold would stimulate the mining industry throughout Canada.

Mr. Speaker: Would the hon. member ask his question?

Mr. Caouette: Yes, Mr. Speaker, with pleasure. Does the minister feel that increasing gold production in Canada would help us to improve our present balance of payments with the United States?

Inquiries of the Ministry

Mr. Speaker: Order. The hon. member is asking for the minister's opinion and such a question is out of order.

[*English*]

LABOUR CONDITIONS

SYDNEY, N.S.—FURTHER LAY-OFFS AT STEEL PLANT

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of Industry. May I ask him if he or his colleague the Minister of National Health and Welfare has received a communication from the city of Sydney steel committee to the effect that another 100 workers have been laid off by DOSCO at the steel plant, and that now some 30 per cent of the employees have been adversely affected? Has the minister any program to deal with this situation, or has he been able to give any reply to this committee regarding this very unfortunate situation?

Hon. C. M. Drury (Minister of Industry): I do not know about my colleague the Minister of National Health and Welfare, but I have no knowledge at the moment of any such communication. I will be glad to have a search made.

[*Later:*]

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is directed to the Minister of Industry. In view of the fact that the minister has been informed by the hon. member for Burnaby-Coquitlam that an additional 100 people at the Sydney steel plant have been laid off, may I ask the minister what steps he or the government plans to take to alleviate this very serious situation, which now brings the total number who have been laid off to around 1,100?

Mr. Drury: Mr. Speaker, I think the hon. gentleman will recognize that the government is concerned about this problem of continuing job opportunities in the Cape Breton area. He will recall the recent announcement of the intention of the government to establish through legislation a corporation, the specific task of which would be to endeavour to find new job opportunities in Cape Breton to replace those that seem to be in the course of disappearing.

Mr. Muir (Cape Breton North and Victoria): A supplementary question, Mr. Speaker. May I ask the hon. gentleman how soon this legislation will be brought before the house?

[Mr. Caouette.]

Mr. Drury: Mr. Speaker, we are working intensively to try to get the corporation organized and set up as quickly as possible. I am glad to see that, as the recent announcement by the British American Oil Company shows, work in the right direction is continuing in spite of the absence of a corporation.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a supplementary question for the Prime Minister. In view of the answer just given by the Minister of Industry with respect to the crown company's intention to take care of the lay-offs at the Sydney steel plant, will the ministers get together with the Prime Minister so as to ascertain just what is the intention of this crown company, since the other day the Prime Minister denied that there would be any take-overs of the steel plant but that the intention of the crown company was to deal with the closing of the mines.

Right Hon. L. B. Pearson (Prime Minister): The corporation was not set up for the purpose of taking over the steel aspect of the industry. We intend to do everything we can through the corporation and in other ways, as my hon. friend has just said, to improve job opportunities; and I am sure the hon. member shares the satisfaction of the government with the steps already taken at Port Hawkesbury by private initiative, assisted by the two governments, to improve job opportunities at once in that area.

Mr. Douglas: In view of the fact that the legislation has not yet been introduced and the crown corporation has not yet been established, would the government give consideration to including the steel industry, in view of the fact that the steel industry appears to be next on the list for a phasing out program? Would it not be better to anticipate events rather than deal with the steel situation a year or two from now?

Mr. Pearson: Without accepting all the statements made by the hon. gentleman, may I say this. He will realize the implications of the government taking over, through a crown corporation, all those industries in this country which appear to him, or to the government, or to parliament, to be in the process of disappearance.

Mr. Starr: We do not want another box factory in Saskatchewan.

Mr. Douglas: It is not a matter which concerns a number of industries. DOSCO operates both a coal and a steel industry. Instead of taking over part of the DOSCO operation would the government not consider taking over the entire operation, which would include both coal and steel?

Mr. Pearson: In this particular plan we are taking over only the Dominion Coal Company of the DOSCO operation.

Mr. MacInnis (Cape Breton South): The Prime Minister has put his finger on the difference between the statement he has made and the statement the Minister of Industry made a moment ago. When and how will members opposite make up their minds with regard to their intentions for this industry? Is assistance to be directed toward solving the coal problem only, or will both steel and coal be covered?

Mr. Speaker: Order. I have to rule that the question asked by the hon. member is argumentative. He asks when and how the Prime Minister and members of the government would get together on something or other. The hon. member knows that the purpose of questions at this time is to extract information.

Mr. MacInnis (Cape Breton South): I have another question. It is a supplementary question and is similar to a question asked by an hon. member on the back benches last week and allowed by Your Honour. He asked for clarification of a statement. I would ask the Prime Minister to clarify his statement as to the aims of this crown company. Is it intended to alleviate the position of the coal miners or will it improve the prospects in both coal and steel, as implied by the Minister of Industry?

Mr. Speaker: It seems to me that this very question was answered by the Prime Minister some moments ago.

[*Later:*]

Mr. MacInnis (Cape Breton South): I have a question for the Prime Minister arising out of a recent remark he made. What federal assistance was given to B.A. for the establishment of a refinery at Port Hawkesbury?

Mr. Pearson: A great deal of assistance. It would take too long to go into all the details now, but I would be glad to send them to the hon. member.

Mr. MacInnis (Cape Breton South): This year?

Inquiries of the Ministry

BANKRUPTCY

WINNIPEG—FAILURE OF LIVESTOCK COMMISSION HOUSE

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Since the Minister of Agriculture has just left his place I would ask his parliamentary secretary to take this question as notice. What course of action is the department taking with regard to the bankruptcy about a year ago of a federally licensed livestock commission house in the Winnipeg-St. Boniface stockyards involving allegations of default on the part of the bonding company and allegations of interdepartmental dispute between the Department of Agriculture and the Department of Justice?

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

WOMEN

REPRESENTATION ON UN COMMISSION—PERSONNEL OF CANADIAN ROYAL COMMISSION

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): My question is directed to the Prime Minister. Is the Canadian government officially represented at the 20th session of the United Nations commission on the status of women which opened in New York today?

Right Hon. L. B. Pearson (Prime Minister): Yes, the government is officially represented.

Mrs. MacInnis (Vancouver-Kingsway): May we know who are the representatives?

Mr. Pearson: Miss MacPherson, a member of the Department of External Affairs.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): May I ask whether Donald Gordon, Jr., if I may use that expression, has been appointed as one member of the royal commission on the status of women?

Mr. Pearson: I indicated at the end of last week that I hoped to be in a position to announce the appointments to that commission today. I am sorry I am not able to do that because there has been a delay in releasing one or two members of the commission from their present activities. I hope to be able to make the announcement tomorrow or the next day. Any speculation before the announcement has been made here would be entirely speculative.

Inquiries of the Ministry

Mr. Diefenbaker: I do not want anything speculative, but I am wondering whether Mr. Gordon has been released by the C.B.C. so that we will get more objective reporting.

VETERANS AFFAIRS

APPLICATION TO PENSION APPLICATIONS OF OLD AGE SECURITY QUALIFICATIONS

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): I have a question for the Minister of Veterans Affairs. Inasmuch as today we received a copy of the application form for a guaranteed income supplement to the old age pension, and inasmuch as insurance benefits or moneys received from the sale of possessions or investments are excluded from the financial statement which is requested, will the minister bring these qualifications to the attention of his department when pensions are being awarded?

Hon. Roger Teillet (Minister of Veterans Affairs): The only answer I can give the hon. member at this moment is that the department keeps closely in touch with developments in this area, and our veterans are being informed accordingly.

OLD AGE SECURITY

EXTENSION OF SUPPLEMENTARY BENEFIT TO RECIPIENTS OF WAR VETERANS ALLOWANCES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question relates to two departments. May I therefore direct it to the Prime Minister. In view of the statement made by the Minister of National Health and Welfare, now confirmed by the explanatory booklet on the old age pension supplement which is out today, to the effect that receipt of war veterans allowance does not stand in the way of the supplementary pension benefit, and in view of the fact that a letter from the war veterans allowance board tells war veterans who receive allowances that they cannot receive both these payments, will some action be taken to clarify this situation, particularly for recipients of war veterans allowances?

Right Hon. L. B. Pearson (Prime Minister): Yes, I will discuss it with the two ministers concerned.

[Mr. Pearson.]

EXTERNAL AFFAIRS

INQUIRY AS TO POLICE REPORTS ON BOMBING OF YUGOSLAV BUILDINGS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I have a question for the Prime Minister. Has the right hon. gentleman any announcement to make with regard to the bombing of the Yugoslav diplomatic and consular offices? If not, when does he expect to be in a position to make such an announcement?

Right Hon. L. B. Pearson (Prime Minister): I made some inquiries about this the other day. The investigations are not completed. They are being pressed. I hope that before long there will be a report, but the inquiries are international in their scope and require consultation with other governments and with the international police bureau, and I am informed it will take a little time before they are complete.

Mr. T. C. Douglas (Burnaby-Coquitlam): Has the Prime Minister had an opportunity to look into the question I asked him in this connection, whether the federal government has any responsibility for damage done to property adjacent to the embassies and consulates in question, and whether any compensation will be paid?

Mr. Pearson: Mr. Speaker, I am advised by the legal officers, to whom this matter was referred and who studied it, that the position of the persons involved is similar to that of any private person who suffers loss or injury as the result of criminal acts by others known or unknown, and in general the law makes no provision for compensation in circumstances such as these. There can be little doubt that many persons have suffered loss in criminal actions for which no compensation has been paid or is payable. Therefore, Mr. Speaker, I am informed the government has no legal obligation in this matter.

Mr. Ed. Schreyer (Springfield): A supplementary question, Mr. Speaker. Is the government giving consideration to the desirability of making *ex gratia* payments to these people?

Mr. Pearson: This matter is still under consideration, Mr. Speaker.

CANADIAN CENTENNIAL.

REQUEST FOR REPEAT TOUR OF CONFEDERATION TRAIN

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Secretary of State. In view of the tremendous public interest in the confederation train and the fact that many persons will not have the opportunity to visit this super excellent centennial project, has consideration been given to a repeat tour by this train next year?

Mr. Speaker: Order, please.

HISTORIC SITES AND MONUMENTS

LOUISBOURG FORTRESS—DISMISSAL OF SENIOR EMPLOYEES

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development. On January 27, as recorded at page 12331 of *Hansard*, the hon. member for Cape Breton North and Victoria asked a question based on charges that one Jeremy Akerman was discharged from a senior position at the fortress of Louisbourg restoration project as a result of political activity on behalf of the New Democratic Party. The hon. member asked if the minister would institute an investigation into this very serious charge and make a report to the house. The minister was not present that day, and the Minister of National Revenue and President of the Treasury Board replied that he would like to take the question as notice on behalf of the minister, adding that he was sure the minister would look into the matter. I would now like to ask the minister whether he has made an investigation and, if so, what are his findings?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I anticipate giving an answer in the house on this particular case within the next two or three days.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed, from Friday, February 10, consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. H. Horner (Acadia): Mr. Speaker, I would like to participate in this debate which centres around a budget which many hon. members have said had no real purposes and was really unnecessary because the money to be raised by the $300 million tax increase imposed upon the citizens of Canada purportedly to pay the increase in pensions to senior citizens, establishing what has become known as the basic wage for senior citizens, was already available in the old age security fund and will still be in that fund when the pension increase takes effect on March 1. It was really shameful for the Minister of Finance (Mr. Sharp) to make the senior citizens of Canada the goat for this tax increase. It is something which was resented and will be resented in the years ahead by our senior citizens.

The financial year 1966-67 will go down in history as a very interesting one. Canadians will remember two things in particular about it. It will long be remembered as a year in which the country had a great deal of labour difficulty and a great many strikes. It will also long be remembered as a year in which Canadians saw their country suffer many financial difficulties. These two major difficulties, labour strife and financial strife, are the direct responsibility of the government because of the actions it took.

We are debating a budget which increases taxes and the cost of living and is a backward attempt to put the brakes on inflation. Some of the most interesting comments on the budget were made in a C.B.C. "Viewpoint" telecast by a Montreal *Star* newspaper reporter. He said that as a result of the budget 2,300,000 Canadians will pay higher income taxes. He added:

> A married couple just getting going on less than $100 a week will pay more on income.
>
> A man struggling to keep a wife and four children on $120 will pay more on his income.
>
> And every Canadian will pay more in sales taxes. Nobody escapes.

He wound up by saying:

> If this is a mini-budget, heaven deliver us from a maxi-budget.

In essence the budget was too severe. It was unnecessary and it was shameful of the minister to blame our senior citizens for the tax increase. To analyse the budget fully one must go back to 1963 when the government took office. Even though the Liberal party was a minority in the house it formed the government and its immediate aim was to call another election and get a majority. How was

this to be accomplished. Members of the government had to create the impression of a boom in Canada. Most economists agree that our economy started to boom back in 1961. However, the boom was not increasing fast enough for members of the government and so they decided to create an excessive boom.

The government immediately set to work to double the money supply. The total money supply in Canada today has increased very nearly 50 per cent over what it was in 1963. In fact I have a letter from a minister in which he states quite frankly that the government made a deliberate decision to increase the money supply. Such an increase in the money supply could only result in inflation, and there is no need for me to repeat the story of that inflation. Citizen's groups all across Canada have been writing to members of parliament complaining about inflation and 1966 will long be remembered for the tremendous increase. In actual fact the inflation was ignited by the too rapid increase in money supply as a result of the deliberate decision of the government, and it has been perpetuated by the government's action in granting huge wage increases to a number of labour unions without any regard for the effects these wage increases would have on the unions themselves and on all citizens. One might wonder how they could do so many things and not really affect the economy of the country.

• (3:40 p.m.)

I think this is one reason we became involved in a great many financial difficulties in 1966. One financial house closed down and others barely stayed alive as the result of huge loans by the government. One need only take a look at the Central Mortgage and Housing Corporation report for 1965 in which the following statement appears:

> Under section 11 of the National Housing Act, holders of N.H.A. mortgages may be provided with a source of short-term credit if required. Ten loans were made under this provision of the act in 1965, representing the first activity under this particular section of the housing legislation.

In other words, this is the first time the government has lent money to financial houses. They did so because they feared the collapse of a whole series of financial houses after the failure of Atlantic Acceptance Corporation. They bailed out some of these companies by making loans available. The report states further:

> The loans were approved late in the year as a result of the difficult conditions in the mortgage market which prevailed at the time. The loans amounted to $29.9 million on which the balance owing at year-end was $24.4 million.

[Mr. Horner (Acadia).]

It became very difficult to ascertain the names of the ten companies. The government was very sensitive about this point. One can hardly blame them, because if the information became public knowledge perhaps more finance companies would be in difficulty since no doubt money would be withdrawn and they surely would collapse.

Why did the finance companies find themselves in danger? Because of the oversupply of money which caused inflation. Then there was a severe clamping down on the money circulating throughout the economy resulting in a tight-money situation. To a large extent this is what caused the financial houses to be in difficulty. In some cases, mind you, there were other things which had a greater effect, but this is the reason ten houses in particular were in difficulty. First of all, there was the government's announcement that the bank interest rate would be increased. Perhaps they thought this would be a curb on inflation. In these days when there is so much money being borrowed by everyone action of this type tends to create more inflation because the people who borrow money continue to borrow even at the higher rates and the result is that the goods produced cost more.

We find Canada getting into a great deal of difficulty in respect of banking. We saw the Mercantile Bank get into difficulty because all of a sudden the government decided it must place restrictions on a foreign-owned bank. Many people forget the fact that the Mercantile Bank was completely foreign-owned when First National City Bank of New York bought it. It was owned by Dutch interests. When the Dutch concern applied for a charter in 1949 we had a Liberal government. The government did not tell them that if they did receive a charter they must allow Canadians to participate in their company. Rather than say that the government simply hoped that this bank would remain small and not become too much of an influence.

I would be the first to say that we should have absolute control over our banking system. The error was made in 1949 when the Mercantile Bank was first given its charter. It never said it was going to become Canadian. It asked for and was granted a Canadian charter. When the original owners of the Mercantile Bank decided to pull out the government should have said "All right, set your price and we will buy you out; we will put the bank in trust and sell it to Canadians". After all, this is the party which has been advocating the setting up of the Canada

Development Corporation. How better could a development corporation start than by having a bank charter? This is one of the positive steps the government could have taken which would have bailed it out of a lot of trouble. But no. After a series of manipulations and meetings at which notes were made on pieces of paper by individuals the government said, "We hope you will not buy". They should have been firm at that time. If the hon. member for Davenport (Mr. Gordon), the minister of finance at that time, really thought that Canadian banks should belong to Canadians he should have said to the owners of Mercantile, "If you do sell we want the privilege of meeting the price and buying the bank". This is what should have been done. It was not done.

Finally, after the bank is sold to the First National City Bank retroactive legislation is brought in to curb it. In other words, as soon as the bank, which was in Dutch hands, is sold to a United States concern the government steps in and limits the expansion of the bank in Canada. Retroactive discrimination is the only term which can be applied to this legislation. The government is not yet out of the mess.

Last week there was some concern over the newly granted charter of the Bank of Western Canada. Mr. Coyne came marching down to Ottawa to tell the finance committee and the house what the trouble was all about. It was all nonsense. When Mr. Coyne brought the matter before the committee on finance, trade and economic affairs he knew the facts and he knew exactly what would happen. But for some reason or other Mr. Coyne believed that Mr. Stevens wanted to get rid of him and he said, "No, you are not firing me, or if you do I will cause you trouble". Apparently Mr. Coyne is good at causing trouble when someone wants to fire him.

I think the interesting thing to note is that the government knew Mr. Stevens' finance companies were in difficulty at the time they granted the charter to the Bank of Western Canada. The government knew this. I defy the Minister of Finance to stand up in the house and say that none of the companies owned by Mr. Stevens' syndicate is among the ten companies mentioned in the Central Mortgage and Housing Corporation report that the government bailed out. Some of them definitely are. I think I can safely say two were or perhaps five. The government knew. That is the point which is most interesting. The government knew that some of the companies in the B.I.F. group were in financial difficulty. Yet they granted the charter. It was logical to expect that the charter would bail out those few companies. It is interesting to note this article concerning Mr. Coyne in the Winnipeg *Tribune* of Thursday, April 28, 1966. The article is headed "Coyne Gets Keel-hauled" and reads in part as follows:

> James E. Coyne, former governor of the Bank of Canada, encountered some sharp criticism of his investing judgment on Wednesday.

That has to do with one of the questions which was involved when the charter of the Bank of Western Canada was being obtained. The article continues:

> Mr. Coyne confirmed that $1.5 million of N.H.A. mortgages had been purchased from Fort Garry Trust and $1 million from York Trust and Savings Corp. of Toronto. He said that it had been hoped that C.F.I. would be able to sell these notes on the general market but this proved impossible and C.F.I. was bearing a carrying loss on them.

• (3:50 p.m.)

I do not want to bore the house by reading all of this rather lengthy article, but toward the end the following is stated under the heading "They're Demand Notes":

> He was asked if the N.H.A. mortgages were in the form of demand notes. Yes, they were. And if they were demanded "we may sustain a loss", Mr. Coyne said.
>
> Mr. Coyne said: "I don't think there will be any trouble getting the money" if the Bank of Western Canada suddenly received its charter. "We have the ability to raise the funds when the time comes."

That is what Mr. Coyne had to say about the difficulty of raising money in relation to these financial houses owned or controlled by himself or Mr. Stevens. This is absolutely contrary to the pledge made to the governement that money would not be borrowed from the Bank of Western Canada. The government knew of this intention, and that is as obvious now as it was during meetings of the committee. This group should never have been granted a charter.

This group was associated with about 14 eastern investment houses, most of which were then experiencing difficulty. The group wanted a charter and applied for one because with a charter it is relatively easy for these people to increase their funds by 20 times. Mr. Coyne and Mr. Stevens both admitted that to the committee as did the Inspector General of Banks. That is why Mr. Coyne said there would be no difficulty in handling C.M.H.C. loans as far as the Bank of Western Canada was concerned. He said they had the ability to raise the funds when the time came.

The government knew exactly what it was doing when it granted this charter. It is no wonder the government has found itself in difficulty in handling banking affairs, having regard to the Mercantile Bank and the Bank of Western Canada. One might well ask why I as a westerner should oppose this.

Mr. Sharp: Would the hon. member permit a question? Let me point out that the Bank of Western Canada was granted a charter by parliament, not by the government.

Mr. Horner (Acadia): Never before have I seen such an obvious attempt by a minister of finance to evade or weasel out of a responsibility that was his all along. No wonder we fought the passage of the transportation bill two weeks ago because it included a study of the Crowsnest Pass rates. We did not want the Minister of Transport (Mr. Pickersgill) to be in a position to stand up in the house and evade his responsibility by saying that parliament had passed that measure. The Minister of Finance knows very well that he and he alone must accept responsibility for granting that charter, even though in the narrow sense parliament approved it. The Minister of Transport knew exactly what he was doing at that time.

Mr. Sharp: May I ask the hon. gentleman a question?

Mr. Horner (Acadia): I have the floor, Mr. Speaker.

Mr. Sharp: Mr. Speaker, the government did not sponsor that bill; it was sponsored by a private member.

Mr. Horner (Acadia): I have the floor. The minister can make a detailed explanation in respect of his action regarding that charter when I am finished.

We in this house all know how these charters come about and how private members' bills are sponsored in the house. The minister can sit there and say that the government had nothing to do with it, but we all know what the situation was. One can look up the facts and find that on July 4 of last year the charter was granted to the Bank of Western Canada. During the last month when the bill was being debated the government moved it to the top of the order paper day after day. The minister may well say he knows nothing about that, but that was done time after time with the consent of the government because it wanted to see this group given a charter. I can only guess why, but it certainly was not intended to improve the position of western Canada.

During the committee meetings I asked Mr. Coyne why he wanted a charter for the Bank of Western Canada and he pointed out that he wanted to help that area. I asked him what particular industries he was interested in helping in a financial way and he said he had not studied the matter to that extent.

At the same time I asked Mr. Coyne if that area of Canada could be considered a surplus depository area and he answered in the affirmative. I found it difficult to believe that until he presented the facts. I then asked the Inspector General of Banks whether or not he would agree that western Canada was an area one could call a surplus depository area, and he said yes.

Under these circumstances what do we end up with in western Canada? I suggest we have a new bank operating in a surplus depository area in order to assist some 14 financial investment houses operating in Ontatio, with 53 per cent of the shares held by three men living in Toronto. Most of these financial houses were in difficulty at that time, and the minister, whether he likes to or not, must accept full responsibility for granting this charter. He can sit there and say that parliament granted the charter but he knew then as he does now the ten companies associated with the B. I. F. group.

Mr. Coyne was completely aware of the situation as indicated by the article which appeared in the Winnipeg *Tribune* on April 28. There is no doubt in my mind that the government also knew of the situation and, having known, it should have stepped in to prevent this group from getting a charter. The government should have refused to issue the charter even after parliament passed the private member's bill. Perhaps the government felt it owed Mr. Coyne a special favour. I can only surmise what the factors were, which is a dangerous thing to do without knowing the facts. One must do the best one can without the facts. I tried to find out the names of the ten companies involved in the B. I. F. group but I could only find out two.

It is my felling that the trouble in which Canada now finds itself in respect of financing has resulted from poor management on the part of the Liberal government. This government has handled the financial affairs of the country very badly. We all realize that our money supply must be increased, but the government increased the supply too rapidly and then followed that rapid increase with a too severe and lengthy tight-money period.

The government must accept responsibility for the difficult financial circumstances which now exist because of its attitude toward labour problems. It has set a precedent by allowing a 33 per cent wage increase to certain workers, as a result of which other labour unions are attempting to obtain similar increases. It is all well and good for the government to suggest that Canadians should invest more in Canada, but how can they expect Canadians to invest more when their confidence has been so badly shaken in the past year? One would have to use a pretty big stick to make Canadians invest in Canadian investment companies because of the government's mishandling of our financial difficulties. The government must bear the burden of its mismanagement in this our centennial year. For the sake of Canada and Canadians I hope the government will do a better job of dealing with labour problems, inflation and financial institutions in 1967, than it did in 1966.

• (4:00 p.m.)

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I would not want to miss this opportunity to say a few words about the mini-budget brought down in the house by the Minister of Finance and Receiver General (Mr. Sharp). It is probably the first one in our history to impose new taxes on the people to get money for the old age security fund.

Before examining closely all the statements made by the Minister of Finance and Receiver General, I would like first to set out clearly the four basic principles which guide us, the Créditistes of Canada. I see that the minister is in his seat. He is an intelligent man, since he presides over Canada's financial future and I feel that he will easily understand the four basic principles which guide us, the Créditistes in our country, Canada.

Here are those four principles. First:

[*English*]

Social Credit firmly believes that the individual is the most important factor in organized society. Because he is a divinely created being with spiritual, mental and physical needs and potentialities, he has inalienable rights which must be respected and preserved. Because of this belief Social Credit is inalterably opposed to communism, fascism and all forms of totalitarian government which make the individual citizen subservient to the state. It stands opposed to political organization whose aims are the furtherance of the sectional interests of organized labour, business, or finance.

[*Translation*]

The following is the second basic principle which guides us in our work:

[*English*]

Government must serve the individual. The major function of democratic government in organized society is to secure for the people the results they want from the management of their public affairs, as far as such results are physically possible and morally right.

[*Translation*]

I think the hon. Minister of Finance will agree with us that the essential task of a democratic government in an organized society is to serve the people and to try to obtain the results which the people expect of the government, in so far as these results are physically possible.

The third basic principle of the Créditistes is this:

[*English*]

The individual must be free and have economic security. The individual can only attain his full stature in a society where his ability to make moral choices is restricted as little as possible. Economic security is a necessary means for attaining this freedom not as an end to be attained by restricting it.

[*Translation*]

This is the fourth basic principle:

[*English*]

The physically possible must be regarded as the financially possible. Whatever is physically possible, desirable, and morally right, can and should be made financially possible.

[*Translation*]

Those, Mr. Speaker, are the four basic principles of the Créditistes. The hon. Minister of Finance often tells us, as he did a while ago, that a bank charter, for instance, is granted by parliament and not by the government. He said a few minutes ago, speaking of the Western Bank of Canada, that parliament granted the charter and that the government had nothing to do with it.

Mr. Speaker, I maintain that though the Canadian people are told that parliament decides, we know, here in the house, that the government decides, because the party line must be followed. It is understood that the Liberals on the government side will vote for the government when the time comes to grant a bank charter. As the government has the majority in the house, government decides and not parliament.

Parliament should decide, parliament should be free to decide important issues such as granting bank charters in Canada,

but that is not the case. The government has always decided, whether it was the present, the former or any of the successive governments, ever since confederation. In fact, we have had instances where the members of the government rose to speak in favour of increased old age pensions, but who voted against the amendment to increase them proposed by the opposition. Why? Because party discipline required that they vote against their convictions, because the matter became a political game.

Mr. Speaker, the hon. Minister of Finance takes pleasure in often repeating: We, of the federal government, have only two ways of finding money: loans and taxes. As I see it, there could be a third way: inflation. Those are the answers of the hon. Minister of Finance. Third way: inflation. But the only two ways the government can find money are through loans and taxes.

I say there are other ways of finding money and credit. The minister of Finance and Receiver General knows quite well that money and credit do not grow on spruce or on fir trees, whether in Lotbinière or Villeneuve ridings. That is not where they grow.

Money and credit originate somewhere. But where? This the Minister of Finance and Receiver General never explains. He never mentions the creators of credit and money, never. He always answers: there are only two means at our disposal: borrowing and levying taxes. But before borrowing and taxing, the money had to originate somewhere. Where? The provinces do not create money and credit, they do and say what the federal government does and says. we borrow and we levy taxes. The municipal authorities and school boards say: we borrow and we levy taxes.

And the federal government, the central government, the supreme government gives us the same answer: we borrow and we levy taxes. These are our only ways of creating money and credit.

While the house is in session I sometimes attend sittings of the committee on finance, trade and economic affairs where we are given the opportunity to question presidents of various banks, the governor of the Bank of Canada and others. These people admit that $8 enables them to create $100 worth of credit, that they are authorized to give as much expansion to the Canadian credit as they wish, but we must pay interest on this credit.

[Mr. Caouette.]

I believe it was to a Bank of Nova Scotia economist that I once said this: When the federal government issues or buys $1 million worth of bonds, the Canadian chartered banks are immediately authorized by law and by charter to grant loans totalling $12.5 million.

Mr. Speaker, where does that credit come from? From the pen and the ink stand. Twelve million and a half. Would it not be as easy for the government to use the Bank of Canada and to tell it to create those twelve and a half million for the benefit of the Canadian people, instead of giving that power to a few individuals who control the economic lifeblood of the nation and who crush, as they see fit, industry, private enterprise and even the government because, in many cases, the latter is obliged to kowtow to those controllers who dispense credit as they please, with the blessing of the federal government.

We are not the only ones to ask for the use of the means available to us to appreciate the assets of our country, to make the development of our natural resources possible, to avoid the chaos which results from inflation and deflation. The means are available to us, and parliament has the power to decide and to legislate.

We do not use the powers available to us. We prefer to grant special licenses to individuals so as to let them exploit all the people.

The Minister of Finance and Receiver General knows fully well that parliament has the right to give orders to the Bank of Canada under section 91 of the B.N.A. Act. It is the prerogative, the right of the federal parliament to legislate in money matters. The provinces do not have that right. Then, why does not the federal government allow the provinces, the school boards, the municipalities, to cope—not with the possibilities of physical expansion—but with the financial possibilities to do so. Ask the provinces, the municipalities, the school boards what is their problem?

At the present time, in the province of Quebec, thousands of teachers are at loggerheads with school boards and the provincial government. Why those recriminations, those discussions and such an alarming situation in the province of Quebec? The question of finance. The school boards do not have enough funds to meet their obligations under their budget at present. Increased expenses are required, which they cannot meet.

• (4:10 p.m.)

On the other hand, the teachers are entitled to better treatment, they have a right to

recognition. But if we look at the situation at present in Quebec, I say this is complete anarchy, because they do not put the finger on the cause of the evil, because they are afraid to touch the system which has placed the school boards in the position where they are at present, which has placed the government in its present dilemma, which has put municipalities in their present state of stagnation. Why? Because we have been using for one hundred years a debt-money system.

The cost of building a school is doubled, because of the interest required. The cost of building a road is doubled, because of the interest to be paid. The cost of building a city hall is doubled when the interest to be paid is included.

But the value of a city hall is never doubled; on the contrary, every year the building depreciates in value. A road has never been worth twice the amount it cost. Now, to double the cost of such public services is to resort to inflation 100 per cent, because over a period of 20 years you have to pay back double the amount of the capital borrowed originally.

This system may still not worry some of the people, but I can assure you that it is coming to an end. When school children are throwing tomatoes and rotten eggs at their teachers, when teachers are up in arms against school trustees, when school trustees are up in arms against the government, in short, when one sees what is going on in some places across the country, I think it is high time for a responsible government to set the financial system in order.

Otherwise our children will pay the piper and will never forgive us for not having taken proper steps at the proper time.

I am not the only one requesting that the financial system be set in order, I know that among Liberals—I see my hon. friend from Matapedia-Matane (Mr. Tremblay) who is an expert in this field and knows that the financial system is faulty, that it needs to be improved and amended. He knows that the Bank of Canada should be used, instead of encouraging and granting to a few individuals the right to exercise financial control right across Canada. He knows that.

Some members of the Conservative and N.D.P. parties know it too. The parliamentary secretary to the Minister of Finance knows that the Bank of Canada could be used, if a decision was taken to that effect. Such a decision could be taken under our constitution.

We are not facing up to our responsibilities, and when we know—I will quote again today—

Some hon. Members: He is going to repeat himself.

Mr. Caouette: I am. To bring some people to reason sometimes one has to repeat oneself over and over again, continuously.

Now, I want to quote three presidents of the United States who were up against the problem we are facing today. Here is what Thomas Jefferson said, and I quote:

[*English*]

I believe the banking institutions are more dangerous to our liberties than standing armies.

[*Translation*]

Mr. Speaker, Thomas Jefferson was not a stupid man nor a moron. He knew what he was talking about.

[*English*]

Already they have raised up a moneyed aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the people to whom it properly belongs.

[*Translation*]

That is what a former president of the United States had to say, and to reach that station in life, or to become president of the United States, it seems to me, Mr. Speaker, that one has to use one's head, at least a little.

In 1829—not in 1967—John Adams made some remarks that, in my opinion, could very well be applied to the situation that exists in Canada in 1967. I quote:

[*English*]

All the perplexities, confusion and distress in America arise, not from defects in their constitution or confederation; not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit and circulation.

[*Translation*]

Mr. Speaker, when one considers those who object to confederation or the constitution, in short, the citizens of the east who attack westerners, French Canadians who blame Englishmen and Englishmen who blame French Canadians, one may wonder what will be the effect of such an attitude on our financial system.

The constitution is not faulty. When we examine sections 91, 92, 93 and 94a of the constitution, we become aware of the fact that each province enjoys exactly the same privileges and rights. But we do not know

them and we are fighting within confederation against confederation. We accuse others and blame them for what we have not had the courage to do ourselves; we attack everybody, except those who are really responsible, because we are not yet convinced in 1967 of our—

• (4:20 p.m.)

[*English*]

—downright ignorance of the nature of coin, credit and circulation.

[*Translation*]

There lies the essence of the problem. As soon as we decide to set things right we will see that no one is afraid of confederation; neither I nor the hon. member for Lotbinière (Mr. Choquette) will lie awake at the propsect of a visit to Canada by Her Majesty the Queen, that is for sure; she can come if she wants to. We will show her respect; to us she will represent those who at least permitted us to become what we are today. She will be that much to us, and we will discover the cause of the present faults in our responsible financial system.

As for the financiers, their great motto is simple: Divide and rule. It does not matter whether we have separatists, co-separatists, separatists to a greater degree, to lesser degree, fanatics in other areas, Anglo-Saxon fanatics, or what have you. As long as we remain divided one against the other, with as many groups as possible, right and left, finance will remain master.

It is not the Queen of England who rules in Canada, it is the financial system.

We may say Her Majesty the Queen, yes, but "the power behind the throne" is stronger than that, Mr. Speaker. There you have the all powerful master.

When Abraham Lincoln, another one-time president of the United States said:

[*English*]

I have two great enemies—the southern army in front of me, and the financial institutions in the rear.

[*Translation*]

He said: The financial institutions behind and the southern army ahead. The army, he could see. Those behind, he could not see, he could feel them.

[*English*]

Of the two, the one behind is my greatest foe.

[Mr. Caouette.]

[*Translation*]

Lincoln said: Of those two enemies I have, the most dangerous, the one which is the most troublesome, is the group of financiers who are behind me. As a matter of fact, to win the war, he had at one time to issue what were called greenbacks, and that enabled him to pay his soldiers without having to call on the financial institutions. But they caught up with him later on, because he did not have the support of the American Congress, because he did not have the support of the government. But if the government had the support of a parliament like ours, to get high finance to toe the line, it would be as easy as passing the act to increase old age pensions in this country.

And Lincoln said:

[*English*]

The government should create, issue and circulate all the currency required to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, it is the government's greatest creative opportunity.

[*Translation*]

That was Lincoln speaking.

[*English*]

The people can and will be furnished with a currency as safe as their own country. Money will cease to be master and become the servant of the people. Democracy will rise superior to the money power.

[*Translation*]

That is precisely what the Créditistes are asking for. Not an unlimited financial credit or monetary creation. Not flood the country with greenbacks, as we say, or paper money, but create credit up to the exact amount of the existing resources in Canada. That is all we are asking for. Put things in order, set a balance between the purchasing power and the goods and services produced by the Canadian people.

Is there a sensible economist who can pass by this logical and plausible solution?

[*English*]

Money will cease to be master and become the servant of the people. Democracy will rise superior to the money power.

[*Translation*]

That is what the members of the Créditistes request, Mr. Speaker.

And at this point, we might quote other bankers who, for their part, defy governments:

[*English*]

The chairman of the United States Federal Reserve Board, Marriner J. Eccles, said:

The banks can create and destroy money; bank credit is money. It is money we do most of our business with, not with that currency which we usually think of as money.

[*Translation*]

It is so true that 95 per cent of the business in Canada, at the present time, is transacted by transfers of figures from one bank account to another. Figures only, for which there is not a nickel in circulation. Five per cent only of Canadian business is transacted with paper money or with hard cash, money in the pocket as we say in good French, while 95 per cent is done by transfers of figures from one account to another. And where are those figures created? In the government? No, the figures are created by the Canadian chartered banks. That is where.

The value of a bond can be created, as I said earlier. The government issues its bond series for one million, the Bank of Canada buys it for one million. But as soon as the Bank of Canada has bought it for a million, immediately, the reserve of the chartered banks increases and, that way they can multiply by 12 and a half times the initial amount of one million, which clearly allows a credit production of $12.5 million which are going to be loaned later on to the government at a rate of 4¼, 4½, 5, 5½ per cent. But the government will quench its thirst, will feed itself out of the hands of those people to whom we gave the right in Canada to create millions and billions practically without restriction. Mr. Eccles said:

[*English*]

It is money we do most of our business with, not with that currency which we usually think of as money.

• (4:30 p.m.)

[*Translation*]

Another banker, Mr. Mayer-Anselme Rothschild, said:

[*English*]

Let me issue the money of a nation and I care not who makes its laws.

[*Translation*]

It is exactly that. When the Minister of Finance and Receiver General tells us: "We have only two ways at our disposal to find money: loans and taxes", it means that he has to admit what Mr. Rothschild said once:

[*English*]

Let me issue the money of the nation and I care not who makes its laws.

[*Translation*]

Those people are above the law, and we realize this in the committee on finance, trade and economic affairs, the meetings of which we attend. We ask questions but receive replies that are not too precise. We ask them whether they create credit and they answer as follows: No, we do not create credit, we only "expand" credit.

[*English*]

It is a credit expansion, it is not the creation of money. It is just the expansion of credit.

[*Translation*]

What is the difference between expansion and creation, in the circumstances? Mr. Graham Towers, former governor of the Bank of Canada said the following and he is an expert in banking affairs:

[*English*]

That is the banking business (creating money), just the same way that a steel plant makes steel. Now, if parliament wants to change the form of operating the banking system, then certainly that is within the power of parliament.

[*Translation*]

That is precisely what I was saying a while ago, that parliament has the right to change this banking system, to amend it, to improve it. This does not mean cancelling all bank accounts and eliminating chartered banks in Canada. No. Let us keep the chartered banks, in order to finance the private sector of our economy. It is all very well, Mr. Speaker, for a businessman, a manufacturer to get credit from chartered banks, but when it comes to public capital, our municipalities, our school boards, our provincial government—

The Acting Speaker Mr. Rinfret): I regret to interrupt the hon. member, but his time has expired.

Mr. Caouette: Only two more minutes and I will be through, Mr. Speaker.

The Acting Speaker (Mr. Rinfret): Does the house agree to the member for Villeneuve continuing his speech? Agreed?

Some hon. Members: Agreed.

Mr. Caouette: Thank you, Mr. Speaker. I will not take advantage of my colleagues' generosity. I shall be brief.

To conclude, I want to say this: We believe that the government should use the Bank of Canada to finance the public sector of our economy. Our provinces, our municipalities, our school boards should have the right to borrow from the Bank of Canada, in a branch of the Bank of Canada, in any province, without interest, because they are public, non-profitable organizations. We have no objection to those public organizations being able to finance themselves from the source of credit of the Bank of Canada, without interest, and to the private sector continuing to use the money which chartered banks are in a position to provide, for the smooth running of their business.

We do not want to nationalize anyone, but we believe that it is time for the government and parliament to use the Bank of Canada not only as a mainspring to give more power to the chartered banks but also to use it as a national institution which will help the economic development of our country and enable us to develop confederation in unity of all who inhabit Canada, including the French Canadians in Quebec as well as the Ukrainians in Manitoba and the Englishmen in Toronto or Vancouver.

Mr. Speaker, that is where the trouble lies. That is where we should bring a solution to help us make Canada the greatest country in the world, where life is good, the best country where there is agreement, where people do not tear each other apart but co-operate in its expansion.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am sure that the hon. member who has just sat down will understand that if I do not try to reply directly to his remarks, it is because, on this occasion, I must deal with a completely different matter. He will doubtless understand that I have obligations in this field. I have listened with considerable interest even though I have not accepted the seriousness of his arguments.

[*English*]

I have outlined our policy on Viet Nam in this house during 1966 on two occasions, Mr. Speaker. In extended remarks I discussed Canadian policy on January 25 and July 8, 1966, as well as on five different occasions before the external affairs committee.

[The Acting Speaker (Mr. Rinfret).]

I believe that this house must reorganize its work. I believe that by accepting principles for the allocation of time we could more efficiently cover our agenda; and this we are not doing at the present time. In this way too we could have more discussion on the vital problems which affect international stability.

Mr. Winkler: May I ask the hon. gentleman a question?

Mr. Martin (Essex East): I would prefer—

Mr. Winkler: Does he not think that this has been a very productive session?

Mr. Martin (Essex East): I quite agree that this has been a productive session, Mr. Speaker, but I am trying to make our sessions more productive. Unless we have some acceptance of this principle we are not going to be able to meet the heavy obligations that face the government with regard to its legislation and which deny us, I think regrettably, the opportunity for fuller discussion on matters of serious concern to Canada in its relations with other countries, and particularly on some of the major problems that concern all nations in the world at this time.

As a result, Mr. Speaker, there are people who say that they are not aware of what Canadian policy is on Viet Nam. I certainly believe that we should encourage the right of discussion, and equally the right of dissent. What those who say that they do not understand Canadian policy really mean, of course, is that they do not agree with this policy. Canadian policy on Viet Nam involves efforts by this country and certain other countries to help bring the war in Viet Nam to an end.

Now, Mr. Speaker, obviously there is room for disagreement about what our policy is. I do not ask everyone to accept that policy, but I do ask the house and the country to understand the circumstances in which foreign policy here or elsewhere must be conducted, particularly when vital issues are involved, issues that affect the peace of the world.

I believe that much of the criticism of the Canadian government's policy in this area is based on the unrealistic view that Canada is in a position to compel acceptance of its analysis of the Viet Nam situation. We are not a combatant power. We are a member of an international supervisory and control organization that has been in existence for 12 years. Yet much of the criticism levelled against us, and not only against us but against Poland, India and certain other countries, almost seems to presuppose that these

countries have some direct responsibility for this regrettable conflict.

As I say, Mr. Speaker, I welcome discussion. I am not concerned about the criticism. I am concerned, as I said to the students of McGill University on Friday last, that there be understanding of the role that Canada is seeking to play in this very difficult and important question.

I ask, Mr. Speaker, what is it open to Canada to do in this conflict? What has Canada in fact been trying to do? First of all, we have tried to form the best possible judgment of the position of the parties to the conflict. We are in a good position to do this because of the close relationship we have, first of all, with our neighbour the United States, and also because of the access which we, among very few countries, have to Hanoi as a result of our membership on the International Control Commission. This gives us the opportunity not only to make reasonably informed judgments but to keep abreast of the evolution of the positions of both sides.

Second, Mr. Speaker, we can try to devise formulas which stand some chance of bridging the gap which still separates the positions of the two sides. This we have been doing, and so have other countries. It is not always possible, because of the very nature of the situation, to disclose all that we are doing, and particularly if we wish to enjoy the confidence of those who are prepared to use our good offices. The real problem is not the dearth of such formulas but the complexity of the problem to which they must be addressed. What is at issue here is not Canadian influence or initiative but the urgent need to find a way out of the present impasse which both sides can accept as not being incompatible with their real interests.

• (4:40 p.m.)

Third, we can try in common with our other partners on the International Control Commission, as we are doing and as we have been doing for 11 months, to make the instrumentality of the commission available to the parties when the circumstances are right. We believe that the circumstances may now be ripening. I would like to think that our two colleague states will come to agree with that judgment in the light of events during the past few days. But the commission is powerless to compel the parties to do what they are not prepared to do on their own account. All that the commission can do is provide an umbrella which, when the time comes, may enable them to take certain steps and allow certain steps to be taken which in any other context they might find it difficult to contemplate.

I may be asked: what are those steps? But if I say that I cannot indicate what those steps are I shall perhaps be accused of evasion. I do not mind the accusation, but I can only say that if I do not state them it is because we have made commitments—I hope no one will say commitments to the United States only—to the parties involved in this matter which, if violated, would in my opinion mean that our future efforts would not be respected or trusted.

I believe there is a valid distinction to be drawn between the role of the individual in this kind of situation and the role of a government. The possibilities open to an individual for constructive political action are different from those open to a government. Individuals do not have the responsibility of discharging foreign policy and cannot, naturally, be made fully aware of all the facts. In a democracy there must never be a denial of discussion of commitments the government makes in its relations with other states. Before policy is finally decided, parliament and the public certainly have a right to know. But in matters of negotiation, particularly when questions of war and peace are involved, it cannot be expected that a government should on every occasion make disclosures which are not in the best interests of achieving the objectives we all have in mind.

In the final analysis it must be the foreign minister who makes the decision with the support of his colleagues. I am prepared to make it. I will not change in any way the course I have pursued in this matter because my primary aim, and that of the government, has been to enable Canada along with other countries to try to bring an end to the war in Viet Nam.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): It will not be brought to an end by engaging in wild denunciation. The house must not expect me to take such a course and then to enjoy the confidence of both sides. Lose that confidence, and anything we might do or attempt to do would be destroyed.

There are those who urge us to speak out against this or that aspect of the war. The Leader of the Opposition (Mr. Diefenbaker) asked me the other day whether I would agree that this house should pass a resolution condemning the bombing in the north or that

we should pass a resolution urging that the bombing in the north be brought to an end. I ask the house to reflect. If I had given an immediate, positive response, what would have been the consequence? What would have been the consequence for whatever service this country might perform in an intermediary capacity, either alone or collectively with other nations? I do not question for a moment the sincerity or the sense of urgency which lies behind these demands, and I take no exception to whatever hon. members of this house may urge me to do today. But I would ask the advocates of political activism to pause for a moment and reflect on the practical consequences of their proposal. Do they believe that if a government—and I mean the Canadian government—made a series of strong public declarations the basis of its Viet Nam policy, the tangled and dangerous problem in that country would begin to unravel itself?

To be more specific, let us look at the question of the bombing of North Viet Nam. I have said already that this may be the key to the whole problem. I am confident that if it is not the key element in the present military-diplomatic puzzle it is certainly a most important factor. There are other factors. Even though I hope the bombing does stop, there are other actions and responsibilities which must also be fitted into the total pattern of steps toward a peaceful settlement. Until at least some faint outline of a pattern can be established through what has been called quiet diplomacy, it seems unlikely that the bombing would stop for a long period simply in response to a Canadian government demand or appeal, regardless of what individual Canadians or members of the government personally might feel about this aspect of the policy of the United States.

I suggest it would be self-defeating if our public statements, no matter how widely acclaimed they might be in this house and this country, were to have the effect of slamming doors instead of opening them, or closing off potentially useful dialogues instead of stimulating and nurturing the confidential exchange of view points. I ask members of this house, who can influence these matters by their pronouncements and by their deliberations, to appreciate the significance of what I am saying. What government in the free world has taken any other course? Under what foreign minister, in Britain, for example, under a Labour government, or in any country except France, has there been a lack of restraint in criticism against the policy of a particular country?

In one of his despatches from Hanoi Mr. Harrison Salisbury of the New York *Times* formulated the following prescription on the basis of his conversations there. He said:

> What is needed are not headlines, publicized missions, pressures or formulas but the quiet and painstaking uses of the old-fashioned confidential techniques of the pre-electronic era.

• (4:50 p.m.)

I subscribe to that view. As long as I hold this particular portfolio that will be the course I will pursue. I am convinced it is the right one.

Canada does occupy a special position in Viet Nam because for 12 years, along with India and Poland, it has shared in the frustrating experiences of service on the international commission. It enjoys, as no other institution does, contact with both sides and reflects by its composition a wide variety of international opinion. The efforts of the commission in the war situation have had minimal results but that is not because we have not tried. The commission cannot impose its will on the United States, on North Viet Nam, on South Viet Nam, on China or on the Soviet Union. It may not be the instrument that will be finally used to promote agreement but it is our duty, as Canada sees it, to be ready for the slightest opportunity to achieve that end and, who knows, that opportunity may not necessarily be far away. I cannot say so positively, but I feel there are elements in the present situation that might cause India, Poland and Canada to recognize that there may be a special role for them in the Viet Nam situation as it is now unfolding.

I took the view last March that, if we could not get an understanding with Poland and India as to the time when the commission should be used according to our proposals—and these were discussed privately and confidentially in Warsaw and in Delhi—then we should try ourselves. It was with that objective that on two occasions Mr. Chester Ronning, as a representative of the government of Canada, was sent to Hanoi to carry on certain conversations with the government of North Viet Nam.

I can say this, and I can confirm it as of recent days, that the channel which was thus established is still open. Perhaps it was this channel, amongst others, that Mr. Rusk had in mind in his press conference last Thursday. I am not saying this is the only channel, but it remains open. For that reason I resented the publicity given to a groundless report that

Mr. Chester Ronning's services would no longer be used by the government because he had exercised the right to express private opinions, no longer being a permanent member of the Department of External Affairs. There was no foundation for that story. We can use that channel or the mechanism of the commission, depending on the circumstances.

I am often asked in the house, what did Mr. Ronning say in Hanoi, what went on there? I am often asked what was said in the discussions which took place a few weeks ago when Mr. Victor Moore went there, indeed, what took place last fall when Mr. Victor Moore was in Hanoi, and because I do not give a forthcoming reply I am charged with evasion. I do not mind the charge, but I am asking for an understanding by this house and by the country as to why I cannot say more at the present time.

Mr. Ronning, in anything he has said publicly, has not disclosed the detail of his conversations in Hanoi. Naturally we want to enjoy the confidence of all sides and to do that we must respect commitments which we have made to all sides. Other countries have tried their best, sometimes with one side. We have tried our best with both sides and we will continue to do so.

I believe that it would be helpful if the Canadian position on a settlement of the Viet Nam conflict were restated so that those most directly concerned, particularly in Asia, would know precisely where Canada stands.

First, we believe that a military solution alone is neither practicable nor desirable. We have always made it clear the we look to negotiation to settle this conflict. We have said this because we think that the Viet Nam situation cannot be isolated from the security and stability of southeast Asia as a whole. We have not been alone in saying this. If there is to be a settlement which will hold out a reasonable prospect of long-term stability in that area of southeast Asia it will have to be based upon an accommodation of the interests of those primarily concerned. I do not believe this will happen as the result of military action alone.

Second, peace discussions should take place on the basis of the Geneva agreement. We believe that, without any prejudice whatsoever to the ultimate solutions, the first stage of any settlement will have to envisage a return to the status quo ante. By that we mean the conditions which were envisaged as ensuing from the Geneva ceasefire agreement of 1954. According to my understanding the government of North Viet Nam does not take issue with that position. In practice this involves a continuing of the *de facto* division into two Viet Nams, if only to allow time for the scars which have been opened by the conflicts of the past quarter century to heal and for new dispositions to be agreed upon for the eventual reunification of the country.

Third, we recognize the unity of the people of Viet Nam. We have no wish to inhibit the reunification of Viet Nam. We are bound to recognize, however, that the temporary division of that country reflects the political realities of the situation and cannot be abrogated by force. It is for the people in the two parts of Viet Nam to decide how soon and under what conditions preparations for reunification can be set in train. This is not something which can be imposed upon the people of Viet Nam from the outside or in disregard of the principle which they must enjoy, like anyone else, of self-determination.

Fourth, we believe that any Viet Nam settlement will have to involve an international presence. We believe it is generally agreed that as soon as conditions permit there must be a withdrawal of all outside forces from both parts of Viet Nam. This would be consistent with the terms of the Geneva agreement. The same applies to military bases maintained in Viet Nam.

We believe that it is likely to be necessary, for some period at any rate, to have international supervision of any settlement agreed to by the parties. The purpose of such supervision would be to give each side adequate guarantees that the terms of such a settlement were being fairly carried out. We have no firm views as to what form that international supervision might take.

If it were decided that the three powers represented on the present international commission should assume a new mandate in an expanded form, I can assure the house that Canada would be prepared to co-operate fully in the constitution of a new supervisory force. In that event we shall have to consider, in the light of our experience, what powers and what resources should be given to such a force if it is to carry out its mandate effectively and with the best interests of the parties in mind.

• (5:00 p.m.)

Fifth, we believe that it is for the Vietnamese people themselves to determine their own political future and the shape of the institutions under which they wish to live. We welcome the progress which has been made in South Viet Nam to bring about the conditions

in which a constitutional government, responsive to the interests of the people of the south, can be elected. We understand that this process will be completed within the current year. We would hope, when the hostilities have ceased and a settlement of the current conflict has been reached, that all segments of the people of South Viet Nam will be afforded an opportunity to participate on a fair, constitutional and peaceful basis in the political life of South Viet Nam, but so far as the representation of the Viet Cong at a conference is concerned, in the words of Mr. Goldberg's recent statement, this did not seem to present an insurmountable problem.

Sixth, we can see merit in proposals which have been made for the neutralization not only of Viet Nam but of a wider area in southeast Asia.

Seventh, we believe that in southeast Asia, as in other parts of the developing world, there is a close link between the requirements of stability and the requirements of economic development.

I would hope, Mr. Speaker, that the governments of North and South Viet Nam would take note of this statement of our view concerning the nature of a possible peace settlement. I would hope they would regard it as an earnest of our desire to help bring about an end to the war in Viet Nam.

There are many things with which I should like to have dealt on this very subject, but there will be an opportunity when the external affairs committee meets.

One question is addressed to me from many quarters: How can you say that you are pursuing the objective of peace when instruments of destruction manufactured in this country find their way into Viet Nam? The Prime Minister dealt with this question on January 18. I should like to supplement what he said by pointing out that we have a defence production sharing agreement with our great and friendly neighbour. This agreement was formulated in 1959. At that time it was warmly approved by every section of the house and was endorsed by the people of Canada.

The fact is that although there may be illogicalities, the government of Canada does not itself authorize the shipment of arms made in this country direct to any theatre of war. I know the answer that will be given to what I am saying now. In general it will be said that we must know that military equipment sold by Canada to the United States may find its way to Viet Nam. I will not try to dodge what is obvious, but I do ask those who make this argument to do it in fairness and with a sense of the circumstances in which this situation has developed.

I could say something now about what other countries on the other side are doing. I could say something right now about what some countries who do not support our point of view and who give strong support to Hanoi are doing by way of direct assistance. I could do that and I could enumerate the items. But if I were to do that, then I would have to ask myself how that would help with those with whom we are engaged at the present time in trying to bring about a basis for preliminary talks.

Mr. Speaker, I have restated some of Canada's positions with regard to the war in Viet Nam and outlined the principles which we believe should apply if and when peace is achieved in that regrettably divided country. I say to members of the house, not because I want sympathy but because I want to assure them that the government is not in any way relenting in its efforts, that there is no problem before the department over which I preside which during the past year has engaged more of our attention, more of the energies of our personnel, and which has brought us into contact more closely with Poland and India as well as with the governments of the south and the north and the government of the United States, than has this question.

When the time comes to give to this house and to this country the record of what we have been trying to do I will be content to let the record speak for itself. I have been in politics a long time. I know as well as any man in this house the art of debate. I know what people can do by way of rhetorical questioning, and I received a lot of this the other day at McGill University.

Mr. Winkler: And answers.

Mr. Martin (Essex East): Did my hon. friend say I cannot answer?

Mr. Winkler: I said "And answers".

Mr. Martin (Essex East): My hon. friend is not satisfied with my replies. Some of my replies are purposely indirect, because sometimes if I were to answer some of the questions asked I would certainly not be pursuing the course of peace which we all have in mind. I find it difficult to accept that there could be any disbelief anywhere concerning the specific intentions of the government of Canada. I would regard it as an inconsistency

with my own profession, my own conduct in public life, and my own training in public life.

I can only assure this house, on behalf of the government, that we will do our utmost to help bring to an end a conflict which we have not started and in which we are not engaged but the solution to which we regard as indispensable for building a more orderly world. I believe we are in the throes of great achievement in the international community. I look forward shortly to signing for Canada a non-proliferation agreement in respect of nuclear weapons, an agreement which I hope will take into account the position of those countries whose nuclear capacity is dedicated to peaceful purposes and who must receive some guarantees and some assurances if they too are not to join the nuclear club.

We have just signed the agreement to outlaw nuclear weapons in outer space. These things are all part of a tremendous achievement which demonstrates the easing of international tension that is taking place between east and west in spite of the fact that the uncertain state of things in China must cause us all concern. The visit of Mr. Kosygin to Britain the other day, his being received by the Queen and speaking to the British parliament, are indications of what is happening. I ask this house to believe that with the influence at our disposal we are doing all we can to bring peace to the people of Viet Nam.

• (5:10 p.m.)

Mr. Nesbitt: Mr. Speaker, I should like to ask the minister whether he will permit a question. During his remarks, as I recall, he pointed out a number of principles that Canada would like to see implemented in the ultimate peace settlement for Viet Nam. The fourth or fifth point was that he hoped all foreign troops on both sides would be withdrawn from North and South Viet Nam. Did the minister imply that the supply of arms to both sides should also be stopped?

Mr. Martin (Essex East): My parliamentary secretary indicates to me that he believes I said "outside", and that certainly is what I intended to say. I was looking at a very important note just handed me and I may have missed part of the hon. gentleman's question.

Mr. Nesbitt: I wanted the minister to indicate whether when he referred to the withdrawal of outside troops from both sides he was also suggesting that the supply of arms to both sides be also stopped.

Mr. Martin (Essex East): I would think that any form of assistance that would be inconsistent with the withdrawal of troops or with the terms of a cease fire or armistice must be excluded.

I regret to tell the house that I have just been advised that combat operations against military targets in Viet Nam have now been resumed. The suspension of these operations initiated at the beginning of Tet, the lunar new year, was continued beyond the end of Tet for an additional time in order to avoid any possibility that an early resumption would be misconstrued in relation to Mr. Kosygin's visit to London. May I just say by way of parenthesis that the position of the United States is that it is prepared to stop the bombing if there is given to them, privately or otherwise, some indication of even the most minimal reaction or reciprocal act. I can only say that in spite of this news, which I had hoped might be otherwise, we must renew our determination to contribute in some way to bringing about a cease fire.

Mr. Douglas: May I ask the minister a question? I did not want to interrupt him while he was speaking. He spoke of the Canada-U.S. defence sharing agreement. I should like to ask him whether it is true that the Canadian government appealed to the United States not to send any armaments sold to them by Canada to the Viet Nam theatre of war and, if so, was this request refused?

Mr. Martin (Essex East): Mr. Speaker, I hope my hesitation will not indicate that I do not want to answer that question. I would not have any hesitation in telling my hon. friend privately what the situation is. I hope no one will take exception to that offer. We have an agreement with the United States which is a solid commitment and one that is very important to the economy of this country. I hope no one will say that because I make that remark our economy in my judgment is more important than bringing about peace in Viet Nam, because that is not the situation. Will any hon. member of this house advocate that we should abrogate this defence production sharing agreement? We have had consultations with the United States in respect of this matter, and these consultations have not failed to achieve in a particular instance what was the basis of the negotiations. I cannot go beyond that.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, it had not been my intention to speak on Viet Nam, during this debate. I am

certain that had we known the Secretary of State for External Affairs (Mr. Martin) would be speaking on this subject the leader of our party would have made arrangements to express our views in detail, but the speech of the minister is so important I feel it incumbent on me to say something in reply. As I listened to the minister I could not help thinking about a book recently written and published by Professor Eayrs in which he recounts in detail the dreary record of the Canadian government during pre-world war II years and the record of the former prime minister, Mr. Mackenzie King, a record full of platitudes, inaction and refusal to play any part in a real system of collective bargaining.

The Secretary of State for External Affairs has said that Canada does not believe that the war in Viet Nam can be solved by military means alone. Yet he has refused today, as he has in the past, to join with people such as the Secretary General of the United Nations, Mr. U Thant, Pope Paul and important political figures such as Senator Fulbright and Senator Morse in saying to the United States very clearly that in the opinion of the people of this country there can be no real negotiations for the settlement of the war in Viet Nam until the United States stops bombing North Viet Nam. That is a very simple proposal and I think we ought to make it not just privately, as I am sure the minister has done, but publicly because world opinion demands that Canada express its views.

Mr. Martin (Essex East): Would my hon. friend permit a question? He has suggested that I should make this appeal and he states he has knowledge of the fact I have done so privately. Will he explain to me why the foreign ministers of Britain and of every other country in the NATO alliance but one have felt that the course to pursue in a matter of this sort is the course that we are pursuing in this country, which I believe to be the correct one?

Mr. Orlikow: Let me point out to the Secretary of State for External Affairs that the Prime Minister of India has made this kind of a statement. I am not here to defend the government of any other country; I am here to discuss what I think this government and this country should do.

The Secretary of State for External Affairs has suggested that because of our position on the International Joint Commission we must not do anything to jeopardize our impartiality. I cannot think of anything we could do to jeopardize that so-called impartial position which would be more damaging than what we are doing, namely, selling war material to one of the combatants in this war.

The Secretary of State for External Affairs asked whether any member would suggest that we should unilaterally abrogate that agreement with the United States. I suggest that we abrogate it, and if the minister does not want to listen to members of this party I suggest he read the reports of the statement made by the president of the University Liberal Federation at their meeting yesterday and the resolution introduced by the son of Mr. Carl Goldenberg, one of the most respected citizens in Canada. That represents the position we think the government of Canada ought to adopt.

Mr. Martin (Essex East): Perhaps my hon. friend would allow me to state that I have just received an urgent message and must leave the chamber. I regret to leave while he is speaking but I am sure he will understand.

• (5:20 p.m.)

Mr. Orlikow: I am sure that if the Secretary of State for External Affairs leaves he will do so because he must. In any case it was not my intention to spend much time on this subject. I am simply saying it seems to me that, as has happened in the past in this country, this government says all the right things in theory but when it comes to the implementation of the very things about which the Secretary of State for External Affairs talks, when it comes to what Canada can do to end the war in Viet Nam, the action the government is prepared to take publicly is virtually nil. I want to deal in the few minutes available to me today—

Mr. Greene: Mr. Speaker, would the hon. member permit a question? Could the hon. member tell the house whether he speaks for his party when he advocates the unilateral abrogation of the joint defence sharing and spending agreement with the United States of America?

Mr. Orlikow: To the extent that I refer to the sale of war materiel to the United States at a time when the United States is involved in an unofficial war in Viet Nam, I think I speak for my party.

Some hon. Members: Hear, hear.

Mr. Orlikow: Mr. Speaker, I have a limited amount of time in which to speak. It was not my intention to speak on the subject of Viet Nam. We had no notice that the Secretary of

State for External Affairs was going to make a statement. I say very clearly that we did not have time before he spoke, while he was speaking or since to adopt what might be called an official position on behalf of our party, but I think the things I have said represent our views. While I do not ordinarily mind questions, I would like in the time I have left to deal with the subject which I intended to discuss. Therefore I would appreciate not being asked any more questions on the subject of Viet Nam.

The mini-budget which the Minister of Finance (Mr. Sharp) presented to the house some weeks ago, like the budget he presented early in 1966, seems to me to have one main purpose, namely, to slow down those programs outlined by the government itself in earlier years and during election campaigns. We have had a postponement of the date for implementing medicare. We have had a disastrous slowdown in housing starts which has led to increasing hardship for people both in the low and medium income groups in regard to finding adequate housing. This hardship has been described in detail by a newspaper as close to the government as the Toronto *Star* as a "major disaster".

We have had the complete ignoring of the solemn pledge made by the government during several election campaigns that the Liberal party, if returned to office, would implement a program of 10,000 university scholarships. That program has gone with the wind and I suppose it will not reappear until 1968 or 1969 when an election is forthcoming, or perhaps not even until some time in the 1970's if the Liberal party thinks this kind of proposal will get it votes at that time.

It is my intention today to speak about the kind of programs which are being ignored by the Minister of Finance and are of basic importance to this country. I refer to programs for the fostering of education and scientific research, without which this country cannot meet the needs of the 1970's. The Economic Council of Canada dealt with this important question in their second annual review issued in December, 1965, when they said:

> To advance educational levels through the formal education system, attention currently needs to be focused on five particular areas.

I refer to the fourth point which they make:

> The more rapid development of facilities for a sharply accelerating flow of professional and other highly skilled manpower at the postgraduate university level—the level at which we have made least progress to date in the Canadian educational system.

In the same report they give some very interesting statistics in comparing Canada with the United States. If hon. members will look at page 84 of the report they will see that in terms of the percentage of the male labour force, only 4.2 per cent of Canadians in the year 1960 had a university degree compared with 7.2 per cent of the male labour force of the United States. That kind of thing is a disaster for this country. What it has meant is that we have had and continue to have a very serious exodus of the most highly trained, most highly skilled people from Canada to the United States.

In the year 1965, according to figures supplied in answer to a question which I put on the order paper, 242 scientists, 863 engineers, 133 professors and instructors, and 380 physicians and surgeons left this country for the United States. It has been claimed by some that this is not very serious, that what we lose to the United States we make up by people coming to Canada from Europe. One of the organizations best able to judge this question, the Organization for Economic Co-operation and Development, issued in 1966 a special report on the subject of the loss of scientists and engineers to the United States. I wish to quote from a summary of that report which appeared in the Toronto *Globe and Mail* of April 13, 1966. The article reads:

> The O.E.C.D. Observer, in a special issue on science, calculated that the average annual loss of scientists and engineers to the United States was 662 for Britain, 425 for West Germany, 136 for the Netherlands, and 82 for France. The Canadian annual loss was 1,239—almost equal to the combined total of 1,305 for the four major countries of western Europe.

They go into the reasons for this and say:

> In relation to output, U.S. spending on research and development was equal to 3.1 per cent of gross national product in 1962. The figure was 2.2 per cent for Britain, 1.8 per cent for the Netherlands, 1.5 per cent for France, 1.3 per cent for Germany, and 1 per cent for Belgium.
>
> The O.E.C.D. did not calculate a figure for Canada, but Ottawa authorities have estimated that research and development spending in 1963 was running at about 1 per cent of gross national product.

Is it any wonder that Canadian scientists, professors, doctors and engineers leave this country for the United States? The Dominion Bureau of Statistics, in a publication it issues annually entitled "Federal Government Expenditures On Scientific Activities" reports that for the year 1965-66 Canadian government expenditures for scientific research totalled $396 million. I want to compare this figure with that for the United States. To do

so I quote in part a report which appeared in the very authoritative magazine "Science" published in the United States. I refer to the issue of January 27, 1967.

• (5:30 p.m.)

In gross amounts, according to the administration, annual federal expenditures for R & D will rise from $16.5 billion to a trifle over $17 billion.

Of this sum $1.7 billion will be spent for academic research and development. It continues:

Congress has held the National Science Foundation budget to a trifle under $480 million . . . In fiscal 1966, for example, NSF awarded 3647 research grants; in the current fiscal year the number was 3600; next year, if NSF gets the money, it is seeking, it plans to award 3870 . . . These figures do not include the now separately budgeted National Institute of Mental Health, for which expenditures are budgeted to rise from the current nearly $200 million to $257 million.

One of the reasons, according to some people, why we have not been able to do the job in the field of research is that the constitution of Canada leaves education to the provinces.

Professor J. A. Corry, principal of Queen's University, in a speech which he made some time ago and which was printed in the December, 1966 issue of University Affairs, dealt with this matter quite effectively, I think, when he said:

But, it will be asked, does not section 93 of the British North America Act give exclusive power over education to the provinces? This is correct, subject to a limitation that is likely to become more portentous as time goes on. Literally, the words of section 93 are "In and for each province, the legislature may exclusively make laws in relation to education". If there are national needs and objectives that require concerted educational policy in two, several, or all provinces, no provincial legislature is by itself competent in the matter, and judicial interpretation on other comparable aspects of the distribution of powers under the British North America Act makes it clear that parliament is competent, under "the peace order and good government" clause.

That the provinces would agree to an increased expenditure on the part of the federal government in the field of scientific research is made obvious in the recent report according to which the province of Quebec is proposing to build a $28 million research centre in the field of electrical problems and in the fact that Mr. Johnson, the premier of Quebec, has expressed the hope that the federal government will participate in the financing of that research project. If the province of Quebec is ready to agree to the participation of the federal government I am certain that no other province would object. It seems to me that this government should have faced up to the problem by now.

Two or three years ago we set up with a good deal of fanfare the scientific secretariat headed by Dr. Forward. If I am critical it is certainly not of the scientific secretariat because I am sure that the staff of that secretariat is very competent. This year the announcement was made, with still more publicity and fanfare, of the establishment of a science council the membership of which is made up of some of the ablest and most respected scientists in this country. However, what can the scientific secretariat and the science council do if the government of Canada is not prepared, and it has not been prepared to this day, to do more than go through the gesture of increasing support for scientific research?

I referred earlier to the fact that the amount of the gross national product which this country is devoting to scientific research is less than a third of the amount which the United States is devoting for the same purpose. The situation is even worse than those figures would indicate because while they refer to what the governments are doing the fact is that Canadian industry spends on research only a fraction of what United States industry does. In a report on the establishment of the science council which appeared in *Science* magazine—and I believe it is a very fair report of what is happening in Canada—this very subject is dealt with, namely, the fact that Canadian industry does not spend the money and does not have the kind of research programs which United States industry has. I wish to read a paragraph dealing with this subject which appeared in *Science* magazine dated September 2, 1966:

Much of the explanation for industry's inferior position vis-à-vis the government in matters of research lies in the peculiar nature of the Canadian economy. For a variety of reasons Canadian industry has been slow to undertake ambitious R & D programs on its own initiative, although this is no longer as true as it once was. Firms oriented to Canada's small, protected, internal market often have had neither the resources nor the incentive to do research. The branch plants and subsidiaries of American and other foreign companies, which dominate some major industries, frequently have looked to their parent companies for R & D work.

It is true that in the last couple of years we have improved our position somewhat through tax incentives and direct grants, but in relation to the problem as a whole and to the tremendous role which scientific research should be playing in this country what we have done is virtually nothing. I want to

document the charge I have made by referring to a report submitted to the Bladen commission dealing with research by the committee on research of McGill University. I want to read a few paragraphs from this very excellent report. Here is what it says about the biological sciences:

> While comparatively well-supported, these sciences are in fact not given the support they should have, and their strength is comparative only. Canada is not putting enough money and effort into research and therefore all the areas of endeavour are under-supplied. In the case of the biological sciences, the main concern at present is the loss of American funds due to the change of policy whereby research funds are to be spent within the United States rather than outside it.

I want to remind hon. members and bring it to the attention of the public that Canada is spending for medical research not one-tenth of what the United States spends, which we should do since our population is one-tenth that of the United States, but only one-hundredth of what that country spends. Therefore it is not surprising that every year, for the last ten years 100 or more of our best doctors and best medical researchers have left Canada to go to the United States. It is surprising not that they go but that more have not gone.

In the same report the McGill committee writes about the physical sciences and says:

• (5:40 p.m.)

> The physical sciences are in a worse plight, both comparatively and absolutely. The cost of sophisticated equipment is now becoming such that a scientist being invited to join a university staff will often detail his equipment and funding needs as a condition of his acceptance. The shortage of staff in the physical science departments, due in part to the opening of new universities, the drain to the States, and the continual movement into industry, put the chairmen of these departments into a most unenviable position.

In the few minutes I have left, Mr. Speaker, I want to deal with the problem of medical research, a problem which has been dealt with by a number of other speakers in this debate. It is a problem about which I and other members have spoken on a number of occasions, a problem which the government seems determined to ignore and one which has led within the last year to four of the 12 medical colleges in this country being threatened with loss of their accreditation. The names of the schools involved have not been made public. Steps were taken to assure that they would not lose their accreditation. Some money was made available. In fact, however, the position of these medical colleges is now precarious.

A report was presented to the government more than a year ago, which was prepared by Mr. Gundy of Wood, Gundy and Company. I understand the firm is really associated with the firm Woods, Gordon, a name which has some status in this house.

Mr. Macdonald (Rosedale): No, that is not right; it is not even spelled the same.

Mr. Orlikow: The parliamentary secretary says I am wrong but the letterhead seems to indicate this. In any case the report signed by Mr. Gundy was prepared after consultation with, and the assistance of, competent and experienced medical researchers in this country. It is a report which ought to make every member of this house hang his head in shame. Yet, Mr. Speaker, so far as I can find out it is a report which has been virtually ignored by the Minister of Finance (Mr. Sharp), the Minister of Industry (Mr. Drury) and the Prime Minister (Mr. Pearson).

I should like to summarize, in the few minutes I have left, some of the comments made in this report:

> We wish to emphasize that a substantial increase in support for medical research is needed at once. There is an alternative view, that time is required to bring about an expansion of physical facilties, and in well-qualified staff and research of merit. While this view has substance, it overlooks the major injury which would be caused to medical research in Canada unless an immediate indication is given of a greatly improved level of support.

This report was made 15 month ago, but there has been no indication from the government of the support requested. I continue quoting:

> Unless a more favourable environment for medical research is provided as a matter of urgency, the skilled manpower on which all else depends will be inadequate both in quantity and in quality to bring about the longer-term expansion needed.

The report has some very interesting tables. For the year 1965-66, the funds available for medical research from various sources totalled $21.5 million, of which $1.5 million came from the United States. This was $7.5 million less than the amount requested by the people involved in medical research. I want to emphasize that medical researchers, having had lots of experience in dealing with this government, had already pared their requests to the bone.

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

Mr. Orlikow: I wonder if I could have just one minute?

The Acting Speaker (Mr. Rinfret): Is there agreement for the hon. member to continue his speech?

Some hon. Members: Agreed.

Mr. Orlikow: This is the last day of the debate and I know there are many other members who want to speak. I do not want to interfere with the right of any other member.

I hope I have made my case in a factual way. What I have said with regard to scientific research is not the view of this party alone. What I have said, I am convinced, represents the views and desires of people who are involved in scientific research, who realize the tremendous importance to Canada of expanding what we have done, who realize that unless we do these things now Canada will rapidly become a second class country. I can only say in conclusion that I join with others in urging the Minister of Finance, when he introduces his next budget, to give serious consideration to this problem so that we do not have more patchwork, another few million dollars, but that we have, if not an immediate solution to the problem, at least a first step to a solution to the problem of financing scientific research which will be arrived at in the next three or four years.

Mr. William Skoreyko (Edmonton East): I am pleased, Mr. Speaker, to have the opportunity of speaking briefly this afternoon on some matters which I should like to bring to the attention of the government. They are matters to which reference is permitted in a wide-ranging debate such as that on the Speech from the Throne debate or the budget. I want to commence my remarks this afternoon by dealing very briefly with some of the problems that we face almost daily within the department of immigration.

I have before me a clipping which refers to a speech I made in the house on April 8, 1965, during the throne speech debate. At that time, I emphasized that the immigration department, under not only the present but past administrations, had not eliminated the discriminatory sections of the act. I said that I did not understand why one could sponsor a relative, no matter what his qualifications might be, if he came from France, the United Kingdom or the United States but if one wanted to sponsor a relative from the European community or from Asia one would run into a brick wall. Government propaganda, Mr. Speaker, attempts to stress equality. This government should find another word to replace the word "equality". Equality means equal consideration for every Canadian and special consideration for none.

I am aware of hundreds, and I am sure there are thousands, of applications within the department of immigration in the city of Ottawa, without taking into account the various branches across the country, of people who wish to sponsor a relative from a country other than the three I have mentioned. The criteria for admission appear to emphasize particular skills or professions and that the person be financially able to look after himself upon admission. Many of the people for whom I speak own small businesses and want their relatives to come to Canada to assist them in operating their small businesses. I am pleased to see that I appear to be getting some agreement from the hon. member for Fort William (Mr. Badanai) who knows the problem as well as I do. I thank him very much for his attention.

• (5:50 p.m.)

The criteria for admission to Canada, Mr. Speaker, require the possession of certain skills, membership in one of the professions or sufficient financial means with which to support oneself or to go into business. To me this is a ludicrous attempt to try to convince the Canadian people that we are sincere in trying to encourage more immigrants to this country. Surely most people who possess skills or are members of a profession and are financially able to look after themselves in the country in which they reside would hardly be interested in coming to Canada unless there were very substantial reasons for their doing so.

I might say, Mr. Speaker, that I happen to be a member of the committee on immigration. To our displeasure we were told at a recent committee meeting that even though persons are successful in sponsoring relatives, if they come from certain countries the sponsors must assume full responsibility for their maintenance during their stay in Canada. If the sponsored relative dares to get a job, then under the terms of the act he becomes a deportable person.

I should like to place on *Hansard* a point made by the hon. member for Essex West (Mr. Gray) when this matter was discussed with the deputy minister last December. The hon. member stated that under the present law immigrants from western Europe, South America, Israel, Lebanon or Egypt can sponsor the entry of parents or grandparents without restriction but that the new regulations would limit sponsorship to those entering the

labour force. To this Mr. Kent replied that the object was to strike a balance between the requirements of the labour market and those of family relationships. The hon. member then asked whether this was not totally inconsistent.

If these people were to join the labour market they would be deported. To this the deputy minister replied that the same restrictions, with modifications, would apply to any parent or grandparent of immigrants who become Canadian citizens if they planned to take a job. In the first place they would have to be literate and, if male, have the minimum educational or trade qualifications. So in effect, Mr. Speaker, if these people do not possess such skills it means they would be deported. I think that the best place to deal with this matter and to fully delve into the problem is probably in committee, and I am sure we will be allowed that latitude.

I wanted to bring to the attention of the house this feeling which is prevalent among Canadians that they seem to be running up against a brick wall every time they attempt to bring to Canada one of their loved ones from a country which is other than one of the three to which I referred.

Another point I want to make is that the minister of immigration should examine the questions that the officers at border points between Canada and the United States are required to ask of persons entering Canada from the United States. Every time I have crossed the border into the United States I have been asked where I was born, and usually the question: "Are you a Canadian citizen?" Surely, Mr. Speaker, when a Canadian citizen is returning to Canada from the United States and states he is a Canadian citizen, this should be sufficient to readmit him to Canada. I should like to know why officials of the immigration department at these border crossings insist on finding out where persons seeking re-entry to Canada were born. If Canadian citizens are to be treated as equals the mere production of a citizenship certificate should be sufficient information for the immigration officer.

I should like to say a few words now about the disgraceful demonstration which took place a week or so ago in the city of Toronto against those of German race in Canada. This demonstration arose over the interview conducted by the Canadian Broadcasting Corporation of von Thadden of Germany. We talk of hate literature, Mr. Speaker, but this type of demonstration is, I think, disgraceful. No Canadian has the right, either directly or by use of subtle propaganda, to damn any other citizen of Canada. Most of those of German origin who are living in this country are good Canadian citizens. Most of them know nothing of nazism and despise it as much as I do, and I am not of German origin. To allow any group, no matter who they may be, the privilege of making such a demonstration is bad enough, but to have a government entity such as the C.B.C. film the event and screen it across the country is disgraceful. When we come to deal with hate literature this might be one place to start.

I should now like to turn for a few moments to the B and B commission which has interested me for some time as it has, indeed, many other members of the house. Last November I asked the Prime Minister (Mr. Pearson) when the house could expect this report and his answer was that it should be before the house by Christmas. A week or so ago I again asked when the report could be expected and this time I was told it was not expected until June or July. I really do not blame the people on that commission for taking their blessed time in filing their report. At $100 a day who wouldn't?

I have before me some questions which were asked and some answers I was given and I should like to put them on the record, if I may. First of all, I think it is important that the Canadian people should know what amount has been spent on the commission to date. In reply to that question I was told that up until October 31, 1966 the commission had spent $5,373,198.66. Expenditures beyond the end of the current fiscal year would be included in estimates which have not yet been approved.

• (6:00 p.m.)

Another piece of information I want to put on record concerns the salaries paid to certain of the commissioners. I draw attention particularly to the variations in their salaries. I was interested to know where some of the $5 million had gone. I can well understand that a great deal of it has been spent on research. But I would be very interested to know why Cormier has received $25,000, Dunton $40,350, Frith $35,250, Gagnon $58,500, Laing $29,150, Laurendau $66,100, Lacoste $11,150, Marchand $14,450, and Rudnyckyj $28,650. Dunton and Laurendeau are the two men heading this commission. Why would Mr. Dunton be paid $40,350 and Mr. Laurendeau $66,100? Does it cost more to listen in one language than in another? Does Mr. Dunton put on smaller

parties than Mr. Laurendeau? Why the difference?

As you know, Mr. Speaker, I was not very happy about the commission when it was first appointed because I felt that one third of the people who make up this nation were being ignored. As I said in my remarks on this subject two years ago, no nation can be a great nation if it tries to cater to one group of its citizens in preference to another. Surely the policy of treating everybody on an equal basis is what will make Canada great. I notice the hon. member for Montreal, or wherever it is—

Mr. Mackasey: The riding of Verdun.

Mr. Skoreyko: —snickering at my remarks.

Mr. Mackasey: On a point of order, I was not snickering. I was thinking how pathetic it was that anyone would stand in the House of Commons and make such bigoted, biased remarks. It was not snickering; it was a reference—

Mr. Speaker: Order. That is not a point of order.

Mr. Skoreyko: I can well forgive the hon. member's narrow view. I have listened to him in the committee and I know what little contribution he has made. He understands the problem about which I am talking as thoroughly as a grade 1 student would.

I should like to deal now with another matter which in my view has been neglected. I refer to the question of unemployment. I was a backbench member of the party in office during the years 1962-63 and I well remember how that paragon of virtue now Secretary of State for External Affairs (Mr. Martin) used to pop up almost daily and ask my hon. friend who was minister of labour at that time what he planned to do about the serious unemployment situation—well over 400,000 men were unemployed, he said. This happened day in and day out until the hon. gentleman had "sold" to the Canadian people the idea that the employment situation was really drastic.

I have before me the bulletin issued by the Dominion Bureau of Statistics on February 9. I commend this to the hon. member who does not agree with my opinions with regard to immigration. There are more than 521,000 people unemployed in Canada today, representing more than 5.2 per cent of the labour force. No government can be proud of such a record. I believe the Liberal government is misleading Canadians in its definition of unemployment and employment and that, equally, it is misrepresenting the employment figures derived from the Dominion Bureau of Statistics in a way which I can only describe as politically calculated reporting and analysing.

I want to substantiate my argument by placing on record part of an article which appeared in the Toronto *Telegram* recently under the name of Peter C. Whitehouse, a very competent newspaperman. The heading is "Unemployment: An Economic Blight". He writes:

> Canada's misleading definition of employment and the equally misleading employment figures derived from it obscure an unconscionable economic blight —the underemployment and unemployment of huge numbers of men over the age of 45.

Those are not my words. They were written by a competent newspaperman, broadcaster and writer whose specialties include science, politics and economics. He goes on to say:

> Some of the 450,000 to 500,000 men 45-64 out of work due to age are included in the 140,000 men of 45-64 the government officially classes as "not in the labour force." Some are in the 61,000 classed as unemployed, and some in various groups such as the 15,000 men classed as not working for "miscellaneous reasons."
>
> But it seems definite that the majority are hidden away in the hundreds of thousands of men who work only a few hours or days a week, and yet are falsely classed as "employed."

Mr. Whitehouse deals with the "safe age". He says:

> The problem of over-age unemployment isn't one that starts at 45, and that until that age a man is "safe." Age begins to be an obstacle long before 45. Government figures show that 43.6 per cent of all jobs are closed to men of 35, and a study of the newspapers will reveal that many employers set 27 or 28 as their maximum age for hiring.
>
> Forty-five, however, is the watershed, the age at which, if a man leaves his job (or as is so often the case today, his job leaves him) he has virtually no chance of ever working again.

• (6:10 p.m.)

We stress retraining, and we litter executives' desks with propaganda saying that existing staff and older people should be retrained. We also stress that new immigrants coming into the country must be skilled people trained for specific jobs. Is it not our responsibility first to create a situation where we can provide 50,000 or 500,000 new jobs and then lay emphasis on retraining and on admission to Canada by reason solely of skills? This is one of the reasons why I feel that government policy today in this area is totally inadequate.

When one reads present unemployment statistics one must agree that the Minister of Industry (Mr. Drury) cannot be held blameless. For instance, it was not too long ago that General Motors laid off a number of men for a given period of time. Only last month, January, Chrysler in Windsor laid off some 5,000 workers which resulted in a production decrease of 2,900 cars. Something other than the infamous Canada-U.S. automotive agreement has to be brought to the fore before we can adequately look after the unemployed who are walking the streets of our cities.

Although I am sure the Minister of Finance has read it, I wish to quote an article from the Toronto *Telegram*, reprinted in the Edmonton *Journal* of February 8, on a speech delivered by Mr. J. A. Coates, a Toronto lawyer who was a member of the Carter royal commission on taxation. These are some of the suggestions he made, and I commend them to the minister:

> A consideration that could give our ailing home building industry a shot in the arm is the deductibility of interest expense on mortgage loans. "It's generally agreed that interest makes up about half the amount of most mortgage payments."

He also suggests:

> Exemption of tax on state and municipal bonds. Thus an interest rate of, say, 3 per cent, is equivalent to a 6 per cent coupon for persons in the 50 per cent tax bracket. "This is a real concession to municipalities," he added, "as it cuts borrowing costs quite drastically."

Mr. Coates also dealt with income tax returns in the United States and mentioned that the cost of care of children while the wife works is deductible to varying degrees—the lower the family income the greater the deduction allowable.

Although Mr. Coates did not say that certain recommendations are going to be made in the Carter commission report he did state that the absence of a capital gains tax in Canada is one of the reasons for the absence of risk capital in this country. That portion of the article reads as follows:

> "The U.S. principle maintains that there is no capital and no income . . . there is only loss and gain," he explained.
>
> "This brings up the question of which rate will you apply to certain gains, and what deductions will you allow for certain losses."
>
> It is this recognition of possible loss that tends to make the U.S. citizen more venturesome. If he loses money on a venture, he may recoup some of it through tax deductions.

I suggest that part of the money which the Minister of Finance is seeking in order to buy back Canadian industry could come from the less venturesome Canadians if they were allowed to write off some of their investments in the event of loss.

In conclusion, Mr. Speaker, may I say that this has been one of the longest sessions I have attended since I became a member of parliament in 1958. I am pleased to have had the opportunity to give the government some of my views on problems that need attention, and when another opportunity presents itself I hope to deal with these matters further.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before I recognize the Minister of Fisheries (Mr. Robichaud) I would like to bring to the attention of hon. members the business for the adjournment debate this evening; the hon. member for Winnipeg North Centre (Mr. Knowles), Unemployment Insurance—possible increases in ceiling and benefit rates;

[*Translation*]

the hon. member for Lac-Saint-Jean (Mr. Simard), acceleration of construction of Saguenay-Lake St. John area;

[*English*]

the hon. member for Springfield (Mr. Schreyer), Department of Agriculture—bankruptcy of a livestock commission merchant at the St. Boniface stockyards.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, it was not my intention to participate in this debate until the hon. member for Kings (Mr. McQuaid) invited me last Thursday to explain certain matters which he raised during the course of his remarks and expressed his disappointment that I was not in the house at the time. He referred to a press release which I issued on January 31 dealing with trap limits and licence control in a portion of lobster fishing

district 7B in Prince Edward Island. The hon. member said he was all in favour of the lobster trap limit and added that he was rather disappointed that the department had not gone all the way, meaning that the trap limit should have been applied to the whole of district 7B instead of being limited to a certain area of Prince Edward Island.

Last year a lobster trap limit was imposed in district 8 for the 1966 fall season, which opened on August 10 and closed on October 10. The district where the trap limit was imposed comprised part of Northumberland Strait, including Kent and Westmorland counties in New Brunswick, part of Cumberland county in Nova Scotia, as well as the county of Prince in Prince Edward Island. We are now assessing the results of this trap limit after a full season's operation. I am sorry the hon. member does not happen to be in his seat at the moment because I am sure he would have liked to listen to my remarks which I hope will clarify what he said on Thursday last.

On January 25 I had a meeting in my office with representations of the P.E.I. Fisheries Federation, including representatives of the fishermen, of the industry and of the co-operative groups. It was at the request of these gentlemen that I agreed to amend the regulations imposing for this year's spring season, a trap limit and some licence control in part of district 7B, in that portion which comprises the area from North Point to East Point, including all of the northeast coast of P.E.I. The gentlemen at that meeting told me this was a good area to make a dividing line. It was agreed that in that particular area the problem was most urgent and required immediate action, if possible.

• (6:20 p.m.)

I have stated already outside the house that it is our intention to carry out a survey of all lobster fishing areas during the next few months with the intention of introducing some controls and further trap limitations in other areas as soon as feasible. If in my announcement of January 31 I had included, as suggested by the hon. member for Kings, the whole of district 7B, this would have included also the southern part of Queens county and the southeastern part of Kings county in Prince Edward Island as well as part of Cumberland and all of Colchester, Pictou, Antigonish and Inverness counties in Nova Scotia.

[Mr. Robichaud.]

I wish to warn the fishermen of all the maritime areas at this time that they can prepare now for further controlling action in respect of lobster fishing in 1968. I have stated before outside the house that we are not ready to impose trap limitations in all districts of the maritime provinces this year but that we wish to review fully the results of the application of the new regulation in district No. 8 last fall.

The present fishing activities are beyond what this resource can stand. The natural reproduction cannot support the accelerated and active fishing which now is taking place. If this most important natural resource is to be saved for future generations of fishermen, we will require the full co-operation of all fishermen presently engaged in the lobster fishing operation.

The hon. member also raised another question which concerns the Department of Fisheries. In 1964, in order to assist the inshore fishermen of the Atlantic provinces, I initiated a policy of federal subsidies for fishing boats from 35 feet to 45 feet in length. At that time I made clear that the purpose of this change was to obtain better boats for inshore fishermen and to help them diversify their operations. I also made it very clear that the purpose of this subsidy was not to increase the number of boats engaging in lobster fishing because this resource was already too extensively fished.

It would not be logical for the Department of Fisheries to approve the trap limitation, curtail licences, and then assist the lobster fishermen by means of subsidies to build additional boats. At the time of the announcement when we defined the purpose of the subsidy we made very clear that it was not the intention that this should apply to boats engaged exclusively in lobster fishing. In April of 1964, before making this announcement, I had a long discussion with representatives of the provincial governments of the Atlantic provinces. I also had a meeting in Charlottetown which was attended by the Minister of Fisheries for Prince Edward Island and his officials. So I do not think it would be fair for the hon. member for Kings to say, as he did, that these fishermen were not told that there would be strings attached to what they had to do to qualify for the subsidy in respect of the construction of boats in the 35 to 45 foot class.

The government of the province of Prince Edward Island and the Fishermen's Loan Board of that province were made well aware

of our intention. In fact, in July of 1964, following the meeting which took place at Charlottetown which was followed by a meeting between federal and provincial officials, I issued a press release which read in part as follows:

> During the first few years of operations under the new regulations assistance to vessels under 45 feet in length will be limited to approved experimental designs. The Fishermen's Loan Boards in the provinces of New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland, and the Minister of Industry and Commerce in the province of Quebec, will continue the direct administration of the new regulations. Close control over the design and specifications of craft eligible for assistance will be maintained by federal-provincial co-operation. This will include consideration of the numbers to be built each year, and their location, and the co-ordination of their construction with training projects designed to provide skilled manpower for a modern Atlantic fleet.

The hon. member also stated in his remarks that there were no prior consultations with the province of Prince Edward Island in so far as specifications were concerned. I wish to state that there was full consultation with officials of the Prince Edward Island government. In November of 1964 a special meeting took place in Charlottetown between officials of the federal Department of Fisheries and representatives of the Prince Edward Island government, including officials of the Fishermen's Loan Board, to discuss the subsidy program. Further meetings took place, and on July 12, 1965 an agreement was signed with the Fishermen's Loan Board of Prince Edward Island. The agreement was further amended in September of that year. I repeat that this agreement was signed after full discussion with the representatives of the province.

It is true that six applications which were presented by the Fishermen's Loan Board of Prince Edward Island were accepted as submitted because these met the requirements regarding construction standards as specified in the agreement. However, some time later, in the latter part of 1965, a total of 96 applications were received from the Fishermen's Loan Board of Prince Edward Island. It was found that these applications had not been screened according to the agreement with the Fishermen's Loan Board of that province. In December, 1965, just a month or two later, my deputy minister requested an immediate meeting with the deputy minister of fisheries for Prince Edward Island to discuss the problems relating to the subsidies. For reasons unknown to me, the then minister of fisheries for Prince Edward Island refused to agree to such a meeting. It became evident to us that a full inspection of all boats for which applications had been received was necessary if public funds were to be protected. It was then that we made arrangements to have all boats inspected. This applied to all the Atlantic provinces, not only to Prince Edward Island. Immediately, between January and February of 1966, arrangements were made to proceed with this inspection.

After the inspection of these boats was completed, each individual case was discussed and reviewed with representatives of the fisheries department of Prince Edward Island at a meeting which took place in July of last year. It was agreed by officials of the federal Department of Fisheries and representatives of the Prince Edward Island government that a limited number of applications only was acceptable under the established criteria and that a certain number of boats needed some improvement before qualifying for the subsidy. It was also agreed that a larger number did not meet the requirements either of the Prince Edward Island Fishermen's Loan Board or of the federal government. Furthermore, we made clear to the representatives of that province that we were willing to pay the subsidy on the additional cost of the improvements which were required on 15 or more boats for which applications had been received provided the improvements were carried out as required by our agreement with the Fishermen's Loan Board of Prince Edward Island.

The inspection of the boats was made on the basis of the following specific policy and regulation:

> —vessel to be of approved experimental design reflecting improvement over conventional types for the size class; vessel to meet provincial construction standards and Department of Transport regulations in so far as the latter apply; vessel to be registered with the Department of Transport; vessel to be adequately outfitted and equipped to show sufficient evidence of diversification capability over and above lobster fishing.

• (6:30 p.m.)

Therefore I want to make it very clear that the decision not to accept a number of applications was made only after full consultation with the government of the province of Prince Edward Island. We felt it was our responsibility and duty to protect the spending of public funds. Subsidies had to be paid according to established criteria and regulations.

Before I resume my seat I should like to take a minute or two to put on record certain

facts relating to a matter which has been of great concern to me in recent years, and which has created quite a bit of interest in Canada and abroad. I refer to the sealing operation in the Gulf of St. Lawrence and on the front.

On December 9 in reply to a question addressed to me by the hon. member for Okanagan-Revelstoke (Mr. Johnston) I stated in part that—

> —we now have evidence that the film taken in 1964 was taken three days before the opening of the season. We have signed declarations by the participants that they were paid to perform certain operations not in accordance with regular practices in sealing.

I was not in a position to go into more details at that time. May I say that I have seen certain programs which were carried on television questioning that statement. Let me make it very clear that the film produced in 1964 by Artek Films Limited of Montreal for the C.B.C. French television network was partly staged. The cameramen participating in that filming admitted that it was filmed three days before the opening of the sealing season. The script was written by one Serge Deyglun who also voiced the script for the film. The same man was the one shown in the film shooting and wounding adult seals.

When I visited Îles de la Madeleine last year I took this film along and it was shown at Cap aux Meules, Îles de la Madeleine on Monday, March 7. The two cameramen who participated in the original filming were present and they admitted participation. They also admitted having shot a part of the film before the season opened. One of them admitted that he was the individual attempting to cut open a baby seal while it was still wriggling. He admitted that he was so disgusted he could not finish the job and had to ask a local fisherman, who was hired to participate in this operation, to finish the job for him.

Furthermore, a second film which was made in 1965 by Fleury Productions, which was shown on C.B.C television, and a portion of which was shown abroad, was composed of cuttings from the original film made in 1964, and part of an older film made by a former director of the Arctic biological station.

Following the showing of that film at Îles de la Madeleine we obtained a sworn declaration from one of the fishermen who was engaged in the operation. I wish to put this declaration on the record, Mr. Speaker. I have it in translated form, and it states this:

> I, the undersigned, Gustave A. Poirier, of Le Pré, Îles de la Madeleine, declare having been engaged by a group of photographers, one of whom had a beard, and this was on or about March 3, 1964, to skin an adult seal for a film that they were taking at the time. I also solemnly declare before witnesses that I was asked to tease the said seal and not to use a club but only my knife for this operation. It is well known that in normal practice during a seal operation we use a club or a gaff to kill the seals before we skin them.
>
> Gustave A. Poirier
>
> Witnesses: P. A. Beauchesne
> Albert Delaney
>
> Taken at Havre-aux-Maisons, March 12, 1966.

This is the type of film or extracts of film shown in Canada and abroad which have been so damaging to the image of this country. I am the first one to admit there have been abuses in seal hunting, but I think it fair to say that since 1964 we have taken a special interest in amending existing regulations in order to enforce methods of killing which are as humane as humanly possible. The new sealing regulations which will be in force this year will go a long way in this regard. I hope that during the next season, which opens on March 7 in the Gulf of St. Lawrence—

Mr. Nasserden: Will the minister permit a question? Can he tell us whether action is contemplated against the companies which produced these films?

Mr. Robichaud: Unfortunately, because of the difficulty experienced in obtaining this information, two years passed before we were in a position to prove who the persons involved, were, and because of the regulations and existing laws no action could be taken against those who participated. We are amending these regulations in order to change the situation in respect of further actions of this kind.

Following this year's amendments sealing will be defined and will include all phases of the operation, from hunting to the transportation of pelts. Fisheries officers will be present aboard every sealer operation in the gulf and an officer will be present at every landing point of aircraft and helicopter. These points will be specified in advance, and in this way we will be able to control the quotas which we have imposed. Every hunter will be required to carry a special licence and wear an identification which will be issued with the licence.

Today I sent a circular to the owners of all large vessels operating in the gulf reminding them of their responsibilities and our intention to apply the regulations to the letter of the law. I hope the result will be the prevention of inhumane methods of killing seals.

Last year all the S.P.C.A. officials and veterinarians who attended the operations agreed that the most efficient and humane method of killing the seals was with a hardwood club. Some of them brought their own types of weapons, but in the final analysis they agreed that the hardwood club was the best weapon.

This year we have specified that every hunter will have to carry a hardwood club not less than 24 inches nor more than 30 inches in length, and not less than two inches in diameter. This year we have chartered four helicopters to carry the extra fisheries officers to the various ice flows in an attempt to control this operation and enforce the regulations. Many people are inclined to believe that this operation takes place on many fronts. That is not so. It takes place normally on a limited front, because the herds are together drifting with the ice.

During a survey last year 1,250,000 adult seals were spotted on the ice. In designing our regulations we must consider the fact that during periods before and after breeding or whelping these adult seals in the Gulf of St. Lawrence consume 15 pounds of fish each per day. When we are reminded of the quantity of fish that over a million seals would consume in one day, we also have to take into consideration the human aspect of this operation; we have to consider the fishermen from Newfoundland, Magdalen Islands, Prince Edward Island and the north shore of the St. Lawrence who are engaged in this operation. We also have to consider the some 40,000 fishermen from the Atlantic provinces who derive their livelihood from the fishery resources of the Gulf of St. Lawrence.

• (6:40 p.m.)

Mr. Muir (Cape Breton North and Victoria): On that point, Mr. Speaker, I wonder whether the minister would accept a question.

Mr. Robichaud: Certainly.

Mr. Muir (Cape Breton North and Victoria): I understand that there has been some kind of controversy about the value of the sealing industry. Could the minister place on the record any information with regard to that matter? It has been said that the value of this industry is so insignificant that we should completely eliminate the killing of seals.

Mr. Robichaud: I was just coming to that very point, Mr. Speaker. I am glad the hon. member has reminded me of it, but I was just coming to it. This kind of statement has been made by people who have been accepted in this house as being responsible. The statement has been made in connection with the sealing operation, particularly by those who have been insisting upon its complete abolition, that the total value of seals to the sealers and landsmen is in the vicinity of $180,000 a year, and sometimes it has been said it is $300,000 a year.

I have the most recent figures. Last year the total landed value of seals during the seven weeks season was $1,889,121. This was during a period when there was no other type of revenue for the fishermen; they could not engage in fishing operations because of drifting ice. It is a period in which they are given the opportunity to earn a few dollars, perhaps enough to buy fishing gear and equipment for the fishing season which opens a month or two later. With regard to those who have been reported as earning $200 or $300 during the season, I would point out that those engaged in the large sealers as crew members earned from $1,100 to $1,300 during the sealing season last year. This information comes to me from two of the operators. I felt, Mr. Speaker, that these statements should be placed on the record. I want to clearly express my concern for this operation. It is my intention to impose regulations that will prevent any inhumane methods of killing in the operation, but I believe it is my responsibility to allow the sealing operation to continue.

We have also been criticized for not doing anything in the area called the "front" in which foreign sealers operate. We have succeeded in having the Norwegians agree not to fish in the Gulf of St. Lawrence and to allow us to enforce in full the existing regulations. We have also succeeded in having the sealing operation brought under the protocol of the International Convention of the North Atlantic Fisheries. This was achieved at a meeting which took place in Madrid in June of last year. It was agreed that the sealing operation would be accepted under the protocol of ICNAF. This again was followed by a meeting in Copenhagen, I believe, around the middle of October at which further steps were taken in this regard. Agreement was reached on an abstention of hunting during the breeding and whelping season and limited hunting seasons were accepted. This is a step forward. We hope at the next meeting, which will take place in Boston this year, we will be able to get these countries to accept further regulations so we can fully control this operation.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I wonder whether the minister would accept a question. Before posing my question I wish to commend him on his statement that the regulations will be amended. It is most regrettable that charges could not be laid against those mentally deranged people who carried out the filming and actual killing of seals before the season opened. Because it is only a few hours away from St. Valentine's Day I do not wish to get into either a controversy or a lovefeast between the hon. member for Kings (Mr. MacQuaid) and the minister. I regret, also, that I was not in the chamber for the whole of the minister's remarks, during which he may have referred to this matter. Has any consideration been given, similar to the program carried out last year, to paying supplementary insurance benefits or supplementary assistance to inshore fishermen who have had misfortune and catch failures?

Mr. Robichaud: No, Mr. Speaker. I think I made a public statement to that effect around January 15 or 17 last. I think the hon. member will agree with me that last year the catch failure was almost general, it was not limited to small isolated communities, and we were able to apply a program of catch failure assistance on a national level; it was applicable all over Canada. This year I have received very few requests from individual fishermen. I admit that there are a few isolated communities in which there has been a catch failure, but this failure has not been comparable with that of last year.

I also reminded some of the individuals who wrote to me, who in some instances had good cases, that this year most of them were able to qualify for assistance under the Canada Assistance Plan, which was not in operation last year. I may add that we are trying to find a solution to this problem. We are trying to come up with a type of legislation that will provide catch failure assistance to fishermen on a national level. We have not arrived at a final conclusion, but we are making progress in this regard.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, has the minister no idea at this point whether something can be done on a regional basis? I pose the question because I have received a number of letters on this subject from men who have suffered bad failures in fishing.

Mr. Robichaud: In reply to the hon. member, Mr. Speaker, I think he will find that most of the applications are from fishermen whose activities are limited to a fishing period of a few weeks—six, seven or eight weeks. This is the type of application I have received this year. I believe we should give further consideration to this matter, because I do not think you can qualify as a bona fide fisherman a man who expects to make a living in a six weeks operation.

Mr. Speaker: Order, please. The time allotted to the Minister of Fisheries has expired. I gather that the hon. member for Prince Edward-Lennox has been waiting patiently to participate in the debate.

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, it is my duty to join in the budget debate at this time because there are a number of topics that I wish to discuss. I bring most of them to the attention of the house because of the attitudes of this government, because of the lack of action of the government in some cases, and in other instances because of certain decisions they have made which are adverse to the welfare of the citizens concerned. Last Thursday evening in the division vote taken as a result of the amendment put forward by the official opposition, the government was sustained by only 12 votes. I was pleased to see all the opposition, and some independents, signifying their disapproval of the government's actions and policies.

• (6:50 p.m.)

The budget, since it represents the policy exemplified by the chief function of government, that of levying taxes, reflects not only the political but the administrative image of those to whom the people have given power. As reflected in the division last Thursday evening, to which I have referred, 60 per cent of the Canadian people do not approve of this government's policies and actions. I wish to commend the hon. member for York East (Mr. Otto) for the speech he made last Wednesday in which he severely criticized the administration for what amounts to its ineptitude, and its paralysis in the face of certain serious national situations. It is obvious that in order not to be too critical of his own party he dubbed it "a government of innocents", "a naïve government that fails to face the realities of life".

Mr. Speaker, I submit that there is no room in Canada, big as it is, and even in its centennial year, for a government of this kind. The hon. member for York East is quite correct

when he warns his own party and its shaky administration in the following words:

> It might be said that with our good intentions we may even be paving the road to oblivion.

I am not using his words to embarrass the hon. member for York East. On the contrary, I think he is a man who stands on his own feet in this house and who voices strong, well founded and firm opinions.

I know that the people of this country at this time deplore the many failures which have taken place in several of our finance and insurance companies. Many arguments have been advanced here on this topic. I have received letters from people who have recently lost their investments. One of the powers given to the federal government by the British North America Act is the control of banking. That control should extend to all financial institutions. This government has recently taken umbrage as a result of criticism levelled at it in this regard, and when criticized they have iced the puck into the provincial end of the rink. I submit that federal authority over all finance is a prime necessity in this country, and the government should be the first and most important overseer, ensuring the rectitude of all finance across this land.

I have here a letter that I was most shocked to receive in December from lifelong friends, in which they tell me about having lost their entire savings of over $11,000 in the Prudential Finance Corporation fiasco.

I wish to state that in my opinion the federal government is as much responsible as the provincial governments, if not more so, for allowing this financial crime to occur. There is evidence that even as far back as 1956 suspicion as to the soundness of this company had been voiced. The reason that I place blame on the federal government is that they have not had the courage to place the securities exchange rules under federal jurisdiction. The past loose arrangement was probably satisfactory 100 years ago or even 50 years ago, when the stock market did not play such a vital role in our economic life. Since the government is trying to entice Canadians to invest in equity shares it is its prime duty to take over jurisdiction of all stock market operations and investments, similar to the ill-fated one made by my unfortunate friends, and to place them securely under strict regulations, despite the protests of any other level of government. In my opinion a government that has not had the courage to do this must accept full blame for consequences, such as the Prudential Finance Corporation disaster and other recent instances.

We have heard some talk of suggested forms of remuneration to these unfortunate investors, but I think that as usual the government has no policy regarding this embarrassing question. It is both ominous and ironic that Canada, with all her apparent prosperity, is experiencing so many bankruptcies and instances of financial irresponsibility and lawlessness. Of course the government has brought a lot of its troubles upon itself because of its reckless method of vote getting in the last couple of elections. If the government, through its policies, will prostitute and weaken federal authority by toadying to the clamour of one province or any group of provinces, it must then seem to be patronizing in part the petulance of all of them.

Since this Liberal government came to power there has been a marked and ominous eroding of federal power at an alarming rate unknown in former years. Part of the reason for this is that the present administration has not earned the confidence of the people. Canadian people as a whole are indifferent to this administration because it has not been either responsive or responsible to their needs. The Liberal party has masqueraded too long as a pretended agent of all things to all people.

We know in ordinary life that we cannot assume such a role successfully. Let us take for example the government's attitude with regard to their own self-espoused policies on bilingualism and biculturalism. I warned the people of Quebec last year in a speech here dealing with the policies of the Prime Minister in this regard. I told them to put no trust in liberalism, and that they would regret the day that they did. You have noticed, Mr. Speaker, that only one month ago the majority of the Liberal convention in Quebec voted to support bilingualism and biculturalism in the rest of Canada, but endorsed unilingualism and monoculturalism only and exclusively in Quebec. Is this the way to unite our nation? Mr. Speaker, I suggest that you agree with me when I say no, this is not the way to unite Canada, even in its gala centennial year.

Mr. Speaker: Order, please. Pursuant to a special order of the house this sitting is suspended until eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

Mr. Alkenbrack: Mr. Speaker, at the time the house rose for dinner I was about to bring up a matter pertaining to the employment of firefighters in the armed services in my constituency and the unfair manner in which this government advertises for and hires firefighters and other personnel for Department of National Defence installations in Prince Edward county, namely the Mountain View airport and Camp Picton. The competition for the most recent openings for firefighters at Mountain View air station was first opened to Prince Edward county residents only. Later this was changed, and the competition was opened to residents of Trenton, Belleville and other points on the mainland.

The final results of the competition were that none of the applicants from Prince Edward county was considered or hired. The Civil Service Commission sets itself up as being an objective, non-political organization to serve all the people of Canada. However, they too are obviously tainted with Liberalism and, in this case, with the desire of the Minister of National Defence (Mr. Hellyer) to placate some of his disgruntled servicemen at Trenton. Two of the successful applicants for these jobs are air force personnel due for retirement within two or three years.

I have here, Mr. Speaker, two brief letters from two of the unsuccessful applicants, both residents of Prince Edward county, both qualified, and who have been discriminated against by the government and this supine, co-operative Civil Service Commission. The first letter I wish to put on the record reads as follows:

In October 1966 a notice of a position as firefighter, Department of National Defence, for Mountain View, Ontario, was posted. The position was open to Trenton, Belleville and Prince Edward residents. Then in November another notice appeared in the post office for the same position but stated Prince Edward residents only. Then, in December another notice was posted. It was then open to the residents of Prince Edward county, Ontario, Mountain View, Ontario and Trenton, Ontario and locations.

I myself applied on all three notices and qualified. Then on January 9, 1967 a competition was held at 6 RD Trenton. The board consisted of three air force officers and the civilian C.P.O. As to date I have not received any notice of my standing on competition, but four men have been notified by phone they have the positions.

This is a photostat copy, and it is a little dim in places.

Not one of these men are residents of Prince Edward county. Two are from the town of Trenton and two are air force personnel. These men are up for retirement within two and a half to three years. They applied for release from the service where they are employed as firefighters with the understanding that if they did not get the job at Mountain View they could stay in the service and finish out their service time. One of the servicemen that has been rewarded the position will receive a pension in the neighbourhood of $300 a month, and to add more, these servicemen start at top rate where other men start at the same job at the bottom and take three years to get top rate.

I, myself, am a veteran.

He gives his service number here, but I shall not reveal it.

I joined the army in 1952 and was honourably released in 1955. During my three years I served with Canadian army in Korea for 13 months. My personal feeling is that while Prince Edward has not too much industry, surely when there is an opening of any job class, a man from the county should be given first choice for work to be performed in the county.

Now, the other letter reads as follows:

Air force personnel with two or more years to go on retirement will receive jobs at Mountain View. Two other civilians living north of Trenton will be coming to work at Mountain View. They are volunteer firefighters in their own area. One service person retiring on pension with considerable time on enlistment is to receive one of the jobs. The other service person, not a resident of the county, also has enlisted time remaining but is retiring on full pension to take a job as a firefighter at Mountain View. The civilian personnel receiving jobs as firefighters at Mountain View are not residents in the county but are living at considerable distance from Mountain View and holding jobs in their respective areas. There are a number of applicants from the county who I feel have the adequate education, age and health standards to fill these vacancies.

• (8:10 p.m.)

These letters are from two of the applicants who felt so hurt by this treatment that they took the trouble to write to me. There are many more applicants from Prince Edward county who feel likewise but have not written. Some of them have phoned me regarding this injustice.

Now the harm has been done. These rejected applicants ask nothing more from this government. They do not expect to be hired for the job, because by this time the government's pets in Trenton have received the nod from officialdom. The government is desperate in its efforts to try to retain electoral

support in the town of Trenton and at the Trenton air station. This has been dwindling away and Liberalism is finished at Trenton. A drowning man will grasp at a straw, Mr. Speaker.

In closing this incident I would ask the government please to be good enough to show enough manners to write the unsuccessful applicants for this position, who live in Prince Edward county, to thank them for taking the trouble to apply, and give them a reasonable explanation, if possible as to why they were unsuccessful.

Next, Mr. Speaker, I wish to make reference to the dairy industry, which is so important to our part of the country. As a result of representations from the official opposition, and other members in this house, certain legislation was brought about last autumn that implemented a justifiable and deserved improvement in the price of milk paid to the farmers of Canada. I told the house at the time that even that increase, with all its merit, was too little and too late.

The rapid escalation of all farm overhead and of the price of all the things that the farmer and milk producer has to buy has wiped out the economic benefits of the last increase in the federal subsidy. The Minister of Agriculture (Mr. Greene) has said that milk producers must look elsewhere than to government for any further benefits, or for any further economic stabilization of their industry. I am sure you will agree with me, Mr. Speaker, that such a statement is far too final and inadequate. It is a statement that ill becomes a minister in whose authority rests the economic and physical welfare of such a great industry as the milk producing industry.

What the minister has said in effect reveals his thinking concerning this problem. It is this: "Don't bother me any more. I gave you $4 and some odd cents per hundred for milk. You should now be satisfied. I am not a farmer, but as an Ottawa Valley lawyer I should know what is sufficient and good for you."

I am still quoting the obvious thoughts of the minister, Mr. Speaker. He must be saying to himself: "Now look somewhere else. Look to the markets for any further benefits that might save you from bankruptcy."

It is now common knowledge, Mr. Speaker, that every year, right across this country farmers are turning away from the production of milk at an alarming rate. Some 2,000 sold out their herds and quit last year in the province of Ontario alone. If this trend and the lack of interest now shown by the Minister of Agriculture continues, one of these mornings he, and all the milk consumers for that matter, will open the front door and there will be no bottle of milk there. Then there will be hell to pay. The government will unjustly blame the farmers for all our troubles.

We read of the great days of the past, the 1880's, the 1890's, of the days when that giant cheese was produced at Perth and shipped to London for a famous world's fair of the past. The milk and cheese production figures of those days were many times what they are now. Moreover the powdered milk industry did not exist at that time. Much of the world population today is starving and we could be feeding them. But no, we sit here in our imagined affluence and opulence and ask a little group of islands, a few dots on the map in the south Pacific ocean, to supply us with butter. How ridiculous can the situation get, Mr. Speaker?

Yes, Mr. Speaker, it is true that in all phases of farm production except in the production of wheat and western grains we have seen better and more productive days. Canada as a nation today in her industrial choice is personified in the hymn: "Lead Kindly Light", where the pilgrim says:

> I loved the garish day in spite of tears;
> Pride ruled my will,
> Remembering not past years.

Yes, the gaudy and showy United States standard of living, and its standard of commerce have lured the Canadian people to its luminescence. It has lured us away from our primary industries, one of which is dairy production, and placed us to a large part in the uncertain economy of secondary industries and manufacturing, much of which cannot compete successfully with countries like the United States, Japan and countries in central Europe.

I ask the house this question, Mr. Speaker: Are we too proud to continue to conduct an honourable primary industry when, with more assistance from the very people who must have dairy products, the dairy industry, both the production and the processing parts thereof could flourish and compete with the whole world, as they should, with the production potential that is latent here in Canada?

To go further, Mr. Speaker, I am sorry to state that hand in hand with the lack of interest shown by this government in the dairy industry we have another department, the Department of National Health and

Welfare which, through the Food and Drugs Act is also putting some farmers out of business. As I come to this point, Mr. Speaker, I wish to state—and I am sure that this opinion is shared by every member in the house—that there must be certain standards of purity and cleanliness in all our food products, including milk. And if the bacteria count or the sediment sample of a farmer's milk production exceeds a certain minimum, the milk should be refused access to the market and should not be processed for human consumption.

In this regard I wish to protest strongly against the methods used by the Belleville office of the food and drug division of the Department of National Health and Welfare. They are far too high-handed and autocratic. I have received many complaints from milk producers in Prince Edward county whom these officials have hailed into court and prosecuted.

• (8:20 p.m.)

These government inspectors, it seems, do not come into the farm premises, but work a cloak-and-dagger game, a gestapo game along the road. The department allows its inspectors to take samples of milk somewhere along the road or at the factory after the milk leaves the farm. I am told by reliable sources that they do not have the fortitude to go into the farm and present their credentials and take a sample of the milk from the milk can at the farm, as they ought to, but instead have developed a habit of lying in wait along the road somewhere between the farm and the factory. They stop the milk truck and take the samples at a time and place unknown to the producers of the milk. This is nothing but a sneaky, despicable, bureaucratic practice. Although the cans are numbered there is a high chance of error in determining what sample came from what can; I would remind hon. members that the interior of a completely enclosed milk-hauling truck is dark, which does not make identification easy. I strongly recommend to the Minister of National Health and Welfare (Mr. MacEachen) that the present practices of his inspectors in connection with milk sampling and the high-handed manner in which they are treating the farmers of Prince Edward county be stopped.

I wish to point out, Mr. Speaker, that in every case I mention when milk has been condemned by the food and drug office it has subsequently been processed for human consumption. Nevertheless several Prince Edward farmers have been fined $100 each, plus costs, for producing this same low quality milk, and yet this milk was processed along with the approved milk.

[Mr. Alkenbrack.]

Apparently the samples are sent to Toronto. Bacteria counts show a rapid increase on the way. Are the results obtained in government inspection laboratories always reliable and truthful? I strongly doubt it, under certain circumstances I have mentioned. Samples should be taken at the farm and analysed locally.

One farmer was hauled into court last week at Picton. He obeyed his summons, appeared, and pleaded not guilty. The government then refused to go ahead with the case and had it remanded for a week on the ground that the evidence was not quite in shape. Do these officials think farmers have nothing to do but appear in court periodically for one and the same alleged offence? I would think that whatever evidence the government had would have been ready for presentation, since the Crown had had this evidence since last September 14, the date of the farmer's alleged offence against the act.

I am not saying there is no need for inspection. Certainly, we must have milk inspection, but not by the methods which are now being used. Then again, Mr. Speaker, I submit that a fine of $100 for the production of allegedly inferior milk which the government permits to be processed, and which is used and consumed by the people of Canada—yes, and exported abroad—is too severe a penalty. The money might better be used for the installation of more sanitary conveniences in the milk-producing industry—I refer to bulk tanks, milk transfers and improved stabling conditions. The department should be making grants of up to 40 per cent of the cost of such improvement to farmers who are willing to enter and stay in the milk production industry. In order to build this industry, to guard against its imminent extinction and to assure the attainment of the national stature which it deserves, the government should be giving it the assistance which I have outlined, instead of adding to its local problems.

[*Translation*]

Mr. Jean-Eudes Dubé (Restigouche-Madawaska): During the debate last Friday, Mr. Speaker, the hon. member for Queens (Mr. Macquarrie) deplored the fact that, unfortunately, there were not as many opportunities to deal with external affairs problems in this house as there should be.

While I do not necessarily agree with his other views, I must also admit that these opportunities are very few indeed and time

for discussion is very limited. In fact, the Secretary of State for External Affairs (Mr. Martin) mentioned it himself this afternoon. I am sure that several hon. members in this house who have specialized in this field, either through personal studies or research, or because of their experience abroad, could make imaginative and constructive contributions.

Unfortunately, it always seems that immediate requirements of other parliamentary business, together with the deficient and antiquated standing orders of this house, do not permit a fair distribution, a proportional allocation of time available for each subject. However, I wish to take this opportunity offered by the debate on the mini-budget to discuss certain matters regarding external affairs.

Generally, I feel that our discussions on international matters should deal more often with specific fields. Canada can play a direct, important, influential and efficient part. I do not for one moment wish to set aside important issues of the day, such as the situation in Viet Nam, which was dealt with in such an admirable way by the Secretary of State for External Affairs this afternoon. I submit, however, that lengthy and acrimonious discussions of such issues can be more futile than constructive. There are other areas in the world where Canada must play an equally natural and positive part. I would first like to refer to the Organization of American States, where the door is still wide open and an empty chair awaits Canada.

I also think in terms of our relations with the West Indies. I have already had the opportunity, in this house, to point out the tremendous possibilities of which Canada must take advantage in that part of our hemisphere. Those small islands, some of which have just acquired their independence, are looking for support.

I had myself the opportunity to meet several of their prime ministers when they visited Canada last summer; and I know that their eyes are focussed on Canada. The government must carefully study the Patrick proposal for the establishment of a customs and monetary union between eight of those islands and Canada.

They have what we lack: the climate, the winter beaches, the tropical products. We, in turn, can offer them capital, technical knowledge, defence and foreign affairs facilities.

Mr. Speaker, the Organization of American States and the customs and monetary union between Canada and the West Indies are only two of several positive matters that parliament should consider.

The first subject I should like to deal with this evening is of very special concern to me: the NATO parliamentary conference, now known as the North Atlantic Assembly.

Some hon. members of the upper house, including Senators Aird and Lefrançois, have already explained the important part played by the Canadian delegation at the conference held last November. There is no need to repeat in this house what they have so well expressed. Suffice it to thank them for their contribution and to extend once again my own thanks to the Canadian delegates representing every political party in this house who behave as true Canadians. I must say that they all did credit to our country. The hon. member for Spadina (Mr. Ryan) was highly successful in heading this delegation with great diplomacy.

• (8:30 p.m.)

One of the resolutions of the political committee of this conference recommends that governments of member countries prepare and adopt the report making the conference an official assembly, officially related to the North Atlantic council. As is now known, the conference is now called the North Atlantic Assembly. But it is not yet recognized as such. I feel that Canada could play a practical role in taking the lead and giving full support to this resolution.

The main functions of the assembly as stated in the draft report of Sir Geoffrey de Freitas would be the following:

A. Make recommendations to the North Atlantic Council on all questions of common interest as the NATO Parliamentary Conference did and to keep informed on the implementation of such recommendations;

B. To receive regular reports of the Secretary General of NATO;

C. To submit questions to the President of the North Atlantic Council and to receive replies or official refusal to reply;

D. To invite representatives of the Secretary General or of the North Atlantic Council to appear before the Assembly or the committees and to put oral questions to them.

These functions are among those imparted to the European assemblies. They should also include the right to make recommendations to the governments or to parliaments as was always done by the NATO parliamentary conference. But relations with NATO other than those aimed at making recommendations, should obviously be maintained directly with the Secretary General who represents NATO

and not with the North Atlantic council composed of national representatives who should be seeking an agreement to adopt a common position on a request or a study prepared by the assembly.

Mr. Speaker, our Canadian statesmen never hesitated to show their faith in the Atlantic alliance. I think this is a splendid opportunity to prove that we wish to strengthen the political ties uniting the Atlantic community. If NATO is to survive, it must adapt itself realistically to the present situation and become much more than a defensive military alliance. It must broaden its base and become an economic and political alliance.

I think that all right-thinking people today, all those who truly want peace in the world, are glad to see the gradual lessening of tension between East and West. Without weakening our defensive structure, we should, I think, explore every possibility of improving the political climate between the NATO countries and those of the Warsaw Pact.

Under the circumstances, the conference held last November recommended that the North Atlantic Council take definite steps toward establishing good relations with Eastern Europe on the economic, political and cultural level.

The NATO Assembly is aware that the main task of the Organization is always to ensure that security and integrity are maintained in the free countries of the West. However, it asks that a serious study be made of the advisability of organizing unofficial meetings with the representatives of the assemblies of the Eastern European countries.

In my capacity as Chairman of the Assembly, I intend to communicate to this effect with the competent authorities of the 15 countries of NATO and the eight countries of the Warsaw Pact in order to sound out their reactions.

I hope that parliament and the government of Canada will heartily support such an initiative that can only contribute to easing the international situation and to the peace of the world.

During this conference, several delegates from other countries belonging to the Alliance came to see the Canadian parliamentarians and told us they would be happy to hold the next conference in Canada. Besides, upon his return to Canada, the hon. member for Red Deer (Mr. Thompson) asked, on November 24, a question to that effect of the Prime Minister (Mr. Pearson). There are many factors in favour of such a proposal.

First, it will be the first time the conference will sit under the name of the North Atlantic Assembly. Considering the fact that Canadian statesmen have greatly contributed to the birth of the NATO concept and the first president of the conference was a Canadian, people naturally look to Canada.

Speaking of the first president, I must avail myself of this opportunity to pay tribute to Senator Wishart Robertson, of Nova Scotia, who has now retired. This gentleman has acquired abroad a very enviable reputation which will outlive him.

The centennial celebrations, especially Expo in Montreal represent a great attraction for the parliamentarians of the other 14 countries of the alliance. It is in 1967 that people from abroad will see us in our most favourable light, and in our finest array. Moreover, Canada has yet to host the conference.

I feel our prestige abroad could only be enhanced by the presence of so distinguished a group during our centennial. Unfortunately, it seems that due to the extra activities in Canada this year, this is practically impossible. Another argument deserves consideration. Holding the first meeting of the assembly in the very headquarters of NATO at Porte Dauphine in Paris will prove the interdependence between the NATO assembly and council.

Let us only hope that the headquarters at Porte Dauphine will still be accessible for the last meeting before the move to Belgium.

I also hope that Canada may be in a position to invite the assembly to sit in Ottawa in the near future.

Our delegates to the conference noticed the excellent reputation our country enjoys abroad. Of course, ours is not the prestige of a great power. It is rather a matter of friendship and respect our allies feel toward a young industrial nation which does not aspire to domination but wishes to contribute toward the development of sound and constructive international relations.

Mr. Speaker, we must continue to make the best of that favourable situation to help others while helping ourselves.

External aid is one of the most powerful instruments of our international policy. I feel that the great majority of Canadians agree that external aid is amply justified from a humanitarian point of view since it answers

the basic principle of charity. There is no doubt, either, that external aid is fully justified from an economic point of view since it creates employment at home and paves the way for future markets.

• (8:40 p.m.)

[*English*]

In his recent book titled "A Samaritan State", Keith Spicer had this to conclude about Canadian external aid:

> A meaningful global judgment on the numerous activities of Canada's aid program seems objectively impossible. It is easy enough to assess each kind of aid separately on its own merits. But there exists no universally accepted standard for evaluating a total program; criteria purporting to serve this function are invariably tainted with the narrow prejudices of single disciplines: economics, politics or sociology.
>
> Until adequate methods of measurement are found, general judgment cannot really reach beyond the subjective and impressionistic. Has Canadian aid been "successful" or "effective"? The question is no more manageable than one asking whether a person "likes" a certain country. One can scarcely do more, in a few words, than reply vaguely that Canada's aid, compared with that of other large donors, appears to have been consistently high in quality, and free of spectacular waste or scandal; its administration has grown from makeshift to mediocre, then, since about 1960, to a steady competence tarnished only by a cramping weakness in the field and by understaffing at home. Finally, its operations have enabled Canada to forge with several developing countries relations of intimacy, trust and fairly stable understanding. Any more precise opinions must be sought in detailed criticism of each type of aid taken by itself.

Mr. Spicer has many interesting proposals under the heading "Machinery of Policy Review", one of which I should like to draw to the attention of the government. I quote from page 248:

> The crucial arena of policy co-ordination is, of course, the cabinet. A cabinet committee reflecting the whole range of foreign policy instruments would have to include the Prime Minister as chairman, the Secretary of State for External Affairs, the ministers of National Defence, Manpower, Trade and Commerce, Finance and (for cultural diplomacy) the Secretary of State. Attached to this group of ministers would be a permanent interdepartmental committee of high civil servants, sometimes including, for the Secretary of State, representatives of the C.B.C., the National Film Board and the Canada Council. Both these committees would operate in the customary fashion, civil servants advising, ministers deciding.

[*Translation*]

Mr. Speaker, I have thus made some remarks as regards our foreign policy and external aid.

In closing, I feel duty bound to state that my remarks and suggestions set out to be constructive. I have never had to be ashamed of our international role. I simply want this role to keep growing at the same pace as our national development and destiny.

[*English*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my sole reason for taking part in this debate is to make a few comments regarding the speech made this afternoon by the Secretary of State for External Affairs (Mr. Martin) in connection with the unhappy state of affairs in Viet Nam. I must say that in some ways it was a pathetic speech, because it was so apparent that the minister's heart was not in it. I have had the privilege of knowing the minister for a long time. He and I entered parliament in the same election. I have a very high personal regard for him. I believe him to be a man of peace and deep sensitivity. I am sure there were many things he would have liked to say this afternoon which he did not say.

At least the speech made by the minister was an improvement over some other speeches he has made in connection with Viet Nam, because in the past he has mainly spent his time defending the United States policies in Viet Nam. Today he delivered an apologia for Canada doing nothing. We witnessed today the Secretary of State for External Affairs, like Pontius Pilate of old, publicly washing his hands of all responsibility. The minister today contented himself with avowing the government's good intentions and disavowing any actions which might give effect to those intentions.

The minister told us that Canada could not do very much in this unfortunate situation because we are a member of the International Control Commission, we are a neutral, we are a non-combatant, and the best thing for Canada and for him to do is just not rock the boat. I should like to point out, Mr. Speaker, that in the first place Canada's neutrality has not in the past prevented the minister from defending United States policies in Viet Nam. I can recall when the people who were protesting against the war in Viet Nam were parading in front of the parliament buildings the minister and his aide were handing out mimeographed copies of a brief which was a rehash of the United States white paper. I can remember also some of the speeches the minister made in this house in which he defended the domino theory with as much enthusiasm and eloquence as John Foster Dulles ever managed to muster.

I should like to refer the house to *Hansard* of April 2, 1965 at page 13108 where the

Secretary of State for External Affairs said this:

> Mr. Chairman, Viet Nam is a test case; I suggest that if the North Vietnamese aggression with Chinese connivance succeeds, it will only be a matter of time before the next victim is selected. The issue then concerns the security, integrity and independence of small nations, not only in Asia but all over the world. If the United States were to leave Viet Nam at the present time, what would happen to that country? What would happen to Burma? What would happen to India, a Commonwealth country? What would happen to Malaysia, a Commonwealth country? What would happen to the Philippines, and what would happen to those island countries of Australia and New Zealand? What would be the position of Japan? These are considerations that must be borne in mind by anyone who simplifies the problem in the way that my friend, the hon. member for Kootenay West, has sought to simplify this complicated problem.

Well, Mr. Speaker, that does not sound very neutral. That sounds to me like a very spirited defence of United States intervention in Viet Nam. Nor has our membership in the International Control Commission prevented Canada selling some $300 million worth of war materials a year to the United States, with no assurance whatsoever that it is not being used in an undeclared war upon a small country in southeast Asia.

Mr. Martin (Essex East): Would my hon. friend permit me to ask whether he said we were selling $300 million worth of equipment to Viet Nam?

Mr. Douglas: No. I said we are selling to the United States some $300 million worth of war materials, and we have no guarantee at all that none of that material is going to the war in Viet Nam. If the minister could give us the assurance that it is not going there I would be one of the happiest persons in this house. I am sure the minister cannot give that assurance, and I shall be dealing with that matter later, because I think the Canadian government has tried to get that assurance but has been refused.

• (8:50 p.m.)

Canada is not in a peculiar position in that it is a neutral, a non-combatant or a member of the International Control Commission. Other countries which are neutral have spoken out. The government of France has expressed its opinion on what is happening in Viet Nam. India, which is also a member of the International Control Commission and much more dependant on United States' good will than is Canada, has spoken out. The Prime Minister of India, Indira Gandhi, within the last ten days has made a personal

appeal to President Johnson of the United States to cease the bombing of North Viet Nam. Sweden, which has always prided itself as a neutral, has not only spoken out against the bombing of North Viet Nam, but has halted the shipment of any war materials to the United States until such time as the war in Viet Nam is brought to an end.

Therefore the fact that we are a neutral and a member of the International Control Commission, it seems to me, does not justify for one moment the minister's contention that Canada must be silent, that Canada must be inactive and that Canada instead of speaking out should take refuge in what he calls quiet diplomacy. We are not talking about some dispute over a boundary. When we are discussing the Viet Nam issue we are discussing the greatest moral issue of our time. As I have said before, in the opinion of the members of this party the bombing of North Viet Nam is legally indefensible and morally inexcusable. What is happening in Viet Nam is shocking the conscience of the world more than anything that has happened since Hitler tried to exterminate the Jews in Europe. The bombing not only of military targets but civilians, now proven beyond any shadow of a doubt, has caused millions of people in the world to question this disastrous military conflict. The use of anti-personnel bombs and the use of napalm has made the war in Viet Nam a bloody and barbaric incident that has no equal in our time.

This is why his Holiness Pope Paul VI has spoken out in protest and has pleaded for the cessation of the bombing; this is why the World Council of Churches has pleaded for the cessation of bombing and for negotiations, and this is why the Secretary General of the United Nations, the world's foremost civil servant, has called for a halt to the bombing and the beginning of negotiations. Scientists, university faculties and university students all around the world have pleaded with the government of the United States to stop the bombing in the hope that this will be the first step toward finding a solution to the trouble in Viet Nam.

In today's *Globe and Mail* there appeared an article entitled "End Ties with NORAD, Student Liberals Urge", which states in part:

> A ban on sales of Canadian weapons to the United States for the duration of the Viet Nam war and withdrawal next year from the U.S.-Canada North American Air Defence Command were called for Saturday by the Canadian University Liberal Federation.

It then states:

The original resolution called for a halt to bombing of North Viet Nam, recognition of the National Liberation Front as a legitimate political group in the south and de-escalation of military operations and gradual withdrawal of U.S. forces.

That is the attitude of university students in Canada who belong to the Liberal party. After reading that report this morning I am not surprised that the minister felt it was incumbent upon him to make a statement this afternoon regarding government policy in respect of Viet Nam. The minister must be aware that Canadians, like people the world over, are aroused by what is happening in this barbaric war, the effect it is having on the people who live there, the consequence that may follow in escalating into a major war, and the long term effect it will have in building up barriers between the oriental people and the people of the western world. People are aroused; Canadians are aroused and I want to tell the minister that it will take more than verbal soporifics and platitudinous declarations to quiet their fears and their concerns.

It is recognized by almost everyone that the first essential step in finding a solution to the Viet Nam situation is to bring about a halt in the bombing of North Viet Nam. This is one obstacle which must be resolved before any progress can be made. This was apparent when the representative of the North Vietnamese government located in Paris made a statement a short time ago which was reported in the *Globe and Mail* on January 6. The report is from Paris, by Richard E. Mooney, who says:

North Viet Nam's chief diplomatic representative in western Europe said yesterday that if the United States "definitively and unconditionally" stopped bombing his country, the Hanoi Government would "examine and study" U.S. proposals for negotiations.

This is one thing that must be done. Newspaper reports have indicated that as a result of the Warsaw discussions the United States and North Viet Nam came close to agreeing on negotiations. The *Globe and Mail* of February 2 carries a dispatch from the United Nations which states:

Diplomatic sources said yesterday that the United States and North Viet Nam agreed in early December to hold preliminary peace talks in Warsaw but U.S. bombings near Hanoi broke up the agreement.

The article also states:

They explained that that was because the United States has agreed to talk about some things North Viet Nam was especially interested in—such as the neutralization of South Viet Nam.

The discussions on a date first were discouraged, the sources said, when the U.S. bombs hit a Polish-built school for Vietnamese children in the Hanoi area Dec. 2. Still, they proceeded until the December 13-14 raids.

After that the discussions broke off. It is only human nature that it is difficult to get people together around a negotiation table when their homes are being destroyed and their wives and children are being killed by anti-personnel bombs.

The United States government had a similar experience when Mr. Goldberg went to the United Nations, and, with great fanfare, said that President Johnson was prepared to give the Secretary General U Thant, complete carte blanche and an unconditional free hand to work out any kind of agreement he could for negotiations. What happened when U Thant came back with a three-tiered proposal, first that the bombing of North Viet Nam come to a stop, second, that the National Liberation Front be allowed to sit at the bargaining table, and third, that eventually all foreign troops should be withdrawn and the principles of the Geneva accord put into effect? The United States government, which had said that U Thant had a free hand to work out any terms he wanted, gave a firm, negative response to the very first proposal, namely a halt to the bombing of North Viet Nam.

• (9:00 p.m.)

During the past few days, in the city of London, Premier Kosygin and Prime Minister Wilson have been holding discussions. I am one of those who has been critical of these two countries, Great Britain and the Soviet union, who are joint chairmen of the International Control Commission, for their inactivity. I have expressed this criticism to Mr. Wilson. When our parliamentary delegation was in Moscow in the fall of 1965, I expressed the same view to Mr. Mikoyan, who was then president of the U.S.S.R. I think they could have done more than they have done. But at least in the past few days the representatives of these two great powers have been examining this problem and exploring some means by which negotiations could be commenced.

While these negotiations are still going on, the government of the United States has resumed the bombings that had been temporarily suspended during the lunar new year. If ever there was a piece of bad timing, surely this was it. I can well understand the sadness in the voice of the Secretary of State for External Affairs when he had to tell the

house this afternoon that the bombing had been resumed. I would imagine that if the discussions of Premier Kosygin and Prime Minister Wilson come to naught, the resumption of the bombings will certainly be a major factor in that result. The minister said this afternoon, in announcing that the bombings had been resumed, that the United States of course is only waiting for some minimal response in order to cease the bombings. I would like to know what kind of minimal response is required to persuade someone to stop doing something they have no right to do. What is the minimal response required? No one has spelled this out.

Some United States spokesmen, such as Dean Rusk, have said, stop the infiltration of men and supplies from the north to the south; but Secretary of Defence McNamara told the defence committee of the United States Congress within the last 10 days that there has been only a trickle of men and supplies since last June going from North to South Viet Nam. The fact is, as Walter Lippmann the dean of American commentators has pointed out, that the United States has never faced up to the major points which Secretary General U Thant placed before it: first, whether or not they are prepared to treat with the National Liberation Front, recognizing that they have a right to speak for some of the people of South Viet Nam and, second, whether or not they are prepared to grant the right of self-determination to the people of Viet Nam. Every time the President or one of his spokesmen talks about returning to the principles of the Geneva accord, they say at the same time that South Viet Nam must remain as a sovereign power—which of course is completely contrary to the principles of the Geneva accord, which says that the people of Viet Nam have the right to decide whether South Viet Nam will remain a sovereign power or whether it will be merged with North Viet Nam into one nation.

Walter Lippmann put it well in an article which appeared in the Montreal *Gazette* of January 12 last, when he said:

> The real obstacle to a negotiated peace is a very substantial one. It is whether or not, on any terms that are practicable in the actual world, the United States would evacuate its military positions on the mainland of Southeast Asia.

That puts it in a nutshell. Does the United States eventually intend to withdraw from Southeast Asia, or does it intend to retain a military foothold, not only in Viet Nam where it has spent billions of dollars in military installations, but now in Thailand where it is building up tremendous military forces? Negotiations will come to naught unless the United States is prepared, in all sincerity, to say that it will abide by the principle of the right of self-determination and allow the Vietnamese people to decide for themselves what government they want and whether they want the North and the South to coalesce and, if the people decide that, have the United States and all other foreign troops withdraw.

I was glad to hear the Secretary of State for External Affairs this afternoon say that the Canadian government is in favour of a return to the principles of the Geneva accord. Yet I would remind the minister that it is not too long ago, about a year and three quarters, that he told us in the external affairs committee that the government of South Viet Nam, because it had not signed the Geneva accord, was not bound by it.

Mr. Martin (Essex East): Not legally bound.

Mr. Douglas: Not legally bound. I think this is a preposterous interpretation, since the Republic of France signed, and France was the governing power at that time. But this is exactly the kind of political and legal legerdemain which is making it very difficult to get any negotiations under way.

I want to say that in the opinion of the members of the New Democratic Party the time for quiet diplomacy is over and the time for speaking out is here.

Mr. Martin (Essex East): Mr. Speaker, could I ask my hon. friend a question?

Mr. Douglas: Certainly.

Mr. Martin (Essex East): Does this mean that my hon. friend is advocating that Canada should disclose publicly at this time the nature of the conversations that Mr. Ronning had in Hanoi, and the nature of the conversations that the Canadian commissioners had recently in Hanoi?

Mr. Douglas: Mr. Speaker, when the minister spoke I agreed to leave my questions until the minister had finished. I wish he would do the same, because the question he has asked now has no relevance. I am not suggesting to the minister that confidential discussions between diplomatic couriers ought to be made public. What I am saying is, and if the minister had curbed his impatience I would have told him what I mean, that the time has come for the Canadian government to make a clear-cut declaration, as other governments

have done. The minister tells us that the intentions of the Canadian government are pacific. I have no doubt about that. I have no doubt about the minister's own intentions, because he is a man of peace. What I am questioning is their lack of courage in giving voice to their convictions. I am questioning the veil of silence which they have assumed at a time when, on a great moral issue, this government should be speaking out for the people of Canada.

• (9:10 p.m.)

The minister said this afternoon that if we make any declaration that might be construed as being critical of those taking part in this unhappy war, this would close up channels and would prevent our being effective as a peacemaker. I suggest that we have had quiet diplomacy; it has gone on for several years, and nothing has come of it. Now we have reached the place where the world leaders are speaking out because they recognize that the time has come for action.

This afternoon the minister ridiculed the idea of having a resolution passed by parliament calling for the cessation of the bombing. Why should parliament not pass a resolution, as was suggested by the right hon. Leader of the Opposition. The minister said this would close doors. But it also might open eyes and open ears; it might strengthen the hand of those in the United States and in the United States government who are trying to persuade the United States government to change its policy. It might help those who are endeavouring to have a moderating influence on the hawks in the American administration and I think it would have an effect on the American public.

The American people know that we are a friendly people, that we like the Americans, that we visit back and forth, that we trade with them, and that in our culture, our language and our habits we are probably more like them than any other nation in the world. I think it would give them reason to pause and think, if they found that their friendly neighbour to the north had come to the place where they could no longer remain silent and that we are calling upon them, in the name of justice and humanity, to stop this barbarous bombing of a small undefended people in an undeclared war.

After all it is a rather new theory of liberalism that on moral issues one should not rock the boat. The great star of liberalism was William Ewart Gladstone. When he was an old man he came back from retirement to rouse the British people in moral protest against the atrocities of the Turks, and he did rouse them. I see no reason why on a moral issue that is much greater, that affects many more people and is a greater threat to the peace of the world, this government and this parliament should not speak out.

I think that Canada should have the courage at this time to say that we will not sell any armaments to the United States unless we have the assurance that those armaments will not be sent to Viet Nam. My information is that the Canadian government has already appealed to the United States government and asked for assurance that none of the $300 million worth of armaments we sell them each year will go to Viet Nam. My information is that that plea has been rejected, and certainly nothing that the minister said in answer to my question this afternoon—

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

Mr. Douglas: I wonder if I could have the consent of the house to finish the point I am making.

The Acting Speaker (Mr. Rinfret): Is there agreement that the hon. member for Burnaby-Coquitlam continue his speech.

Some hon. Members: Agreed.

Mr. Douglas: As I was saying, Mr. Speaker, the answer that the minister gave this afternoon certainly does not convince me that my information is wrong. I think the United States government has refused to assure us that any of the arms we are selling them are not going to Viet Nam. We have been very strict in saying to the French that any uranium we sell to them must not go for military purposes, and I support the government in that. Why do we not do the same with reference to the sale of arms? The minister said that we signed a defence sharing agreement. Mr. Speaker, this is not defence. These are weapons for aggression, and we have a perfect right to say that if weapons which we are selling to the United States for purposes of defence are going to be used in a war of aggression, then we will not sell those weapons to them.

The minister said this afternoon that we received $300 million a year for these arms and that this is a very important item in our

trade. The Minister of Agriculture emerged from his cave of silence to ask my colleague, the hon. member for Winnipeg North (Mr. Orlikow) if he was suggesting that we abrogate the Canada-United States defence sharing agreement, and if that was the policy of this party.

I will tell the minister the policy of this party. Our policy is that if the United States will not give us a firm commitment that none of these armaments which we are selling to them are going to the war in Viet Nam, then we should be prepared to abrogate that agreement. Because while a loss of $300 million in our trading position would be serious I am not prepared to get $300 million of trade, if it is at the price of the tears of mothers who have lost their children, and if it is to be at the cost of seeing villages annihilated and defenceless people killed.

I will close by saying that I cannot accept the minister's thesis that there is a difference between an individual's convictions and a government's declaration. The minister's thesis this afternoon was that, irrespective of what one may think personally, if one is a member of the government he must not express his opinions publicly. Mr. Speaker, most of the war and bloodshed that we have seen in our lifetime has come because of the cowardly silence of governments in days gone by. I was a member of this house when the Liberal government withdrew Dr. Riddell from the League of Nations because he dared to suggest oil sanctions against Mussolini—he was rocking the boat.

I stood in my place in this house and protested against the sale of copper, scrap iron and nickel to Japan when Japan invaded Manchuria. We were told we must not rock the boat, and this silence, this apathy and inaction has brought us again and again into the maelstrom of war.

I say that the time has come when a government in a democracy must speak for the people of Canada, and I believe the majority of the people of Canada would want this government to speak out on their behalf, to speak out against what is happening in Viet Nam, to call upon this government to express on behalf of all Canadians our desire that the bombing of North Viet Nam cease, that negotiations begin on the basis of the Geneva agreement, and if we cannot get that assurance that the Canadian government will not sell armaments if they are destined for use in Viet Nam.

[Mr. Douglas.]

Mr. Speaker, every man and woman must live with his or her own conscience, and in this hour of crisis in the world this parliament has to speak out. Someone has said that the modern world is treading a tightrope between Utopia and cremation. Surely we can do our part to see that the world comes down on the side of Utopia and of human survival.

Mr. Crouse: Would the hon. gentleman permit me to ask him a question? What does the hon. member think would happen to the free world today if it were not for the leadership that is being provided by the United States?

• (9:20 p.m.)

Mr. Douglas: I think that the United States has done many fine things in giving leadership in the free world. I think of the Marshall plan. I think of the assistance which they gave militarily in Europe when the free world was threatened by Soviet aggression, and when they helped preserve the peace of the world. However, the leadership of the United States in the forties and fifties took place in a world in which we had a great communist, monolithic structure that was in danger of spreading across the world.

What has happened is that the world situation has changed, but United States foreign policy has not changed with it. This communist monolithic structure is fragmented today; the Soviet union and China are sparring with each other; the satellites of the Soviet union are demanding more and more independence; and with the detente in Europe, the danger of military aggression by the eastern powers has greatly receded.

Men like Senator Fulbright and George Kennon, men like the former United States ambassador to Japan, have all been appearing before the foreign relations committee of the United States, pointing out to them that we are facing a new situation. The situation we face today is, how can we mobilize all the nations of the world who want to preserve freedom and to work together for freedom. Taking the position the United States is taking, that of forcing a country to accept a military dictatorship because it may be anti-communist, is only going to incur their antipathy rather than win their friendship.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, it was my intention to take advantage of this budget debate to speak about the auto pact and some of the problems that have arisen from that auto pact, such as the dislocation of labour. However, having listened to

the leader of the New Democratic Party for 35 or 40 minutes, I thought perhaps I would take advantage of the fact that I am the next speaker to express a few comments of my own, not only about the war in Viet Nam but more essentially and more basically on the observations of the leader of one of the more respectable parties of the House of Commons. I suppose I should not have been upset in any way, shape or form by these remarks, because I have been in the house since 1962, nearly five years and six months, and I have yet to hear from the leader of the New Democratic Party at any time, on any subject, any expression of opinion that could be considered in the slightest degree—pro United States. In fact there are times when I think the only thing he believes is good about the United States is the financial contribution that comes from some of the international union headquarters through their Canadian subsidiaries to the N.D.P.

Surely, the hon. member should not be suggesting there is anybody in the House of Commons, regardless of what political philosophy he endorses, whether he be Liberal, Conservative or a member of the New Democratic Party, who in any way endorses or approves of the war in Viet Nam. I believe it was very unfair of the leader of that particular party to cast aspersions on what I thought was an objective, fair and restrained speech by the Secretary of State for External Affairs (Mr. Martin) to a responsible audience in the galleries this afternoon. Perhaps the hon. gentleman, in his anxiety to be the leader of the government some day, believes that this anti-Americanism is a short-cut into the intellectual field, into the university group. I can assure him this is a short range policy. What could be more dangerous to the harmonious relationships that have existed for so long between the United States and Canada than the efforts of the hon. member tonight, which were nothing more than plain demagoguery?

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

Mr. Mackasey: I would have been glad to answer questions, but the leader of the New Democratic Party expressed the opinion that questions should be left to the end, and I am only following the advice of this very experienced debator.

Mr. Prittie: Anti-American, like Fulbright and Morris.

Mr. Mackasey: I know the members of that party have nothing to sell but a negative attitude. There is definitely an anti-American bias within certain groups in this country, and the New Democratic Party has based its whole philosophy on an attempt to get all these dissident groups in Canada together in the faint hope that they would all add up to a majority.

I am just as appalled by this war as any member of the New Democratic Party. However, I respect the opinion, judgment and experience of men like the present Secretary of State for External Affairs, who has been in this House of Commons for 25 years, and who has a great moral responsibility, since we are one of the few places left in the world today that can speak with equal validity to the two warring factions, North and South Viet Nam. If we were to do what the leader of the New Democratic Party suggested tonight, we would close that door and make peace virtually impossible between North and South Viet Nam.

Mr. McCleave: The Taiwan trip is already spoken for.

Mr. Mackasey: There may be fellows like the young, misguided socialist over there who would not—

An hon. Member: He was a Tory.

Mr. Mackasey: —but let me say I respect the opinion of the editorial writer of the New York *Times* on the role of the present Secretary of State for External Affairs, over and above any two or three hour speech by a representative of the New Democratic Party—that is, whenever the members of that party have time to make these speeches, when they are not running out in front of the United States embassy along with a lot of other misguided people.

There are times when I listen to the members of the New Democratic Party that I wonder who our neighbours are. I had a chance to visit Poland this summer and I have seen the difference in attitude in a country located geographically next door to Russia and our own country which is next door to the United States. I am appalled by the fact that not once in five years has any member of that party ever praised the United States in this House of Commons. The only kind word the member said about the United States tonight was in answer to a logical, objective question from a member of the Conservative party.

The leader of the New Democratic Party asked why the Secretary of State for External

Affairs apologized this afternoon for doing nothing. He did not apologize for doing nothing. Would you say that the efforts of Chester Ronning were nothing? Would you suggest that the visits of the Secretary of State for External Affairs to Poland and Russia were nothing? Is there anybody in this house who doubts for a minute why the minister made these trips, if it were not to find some solution to the war? When the hon. member for Burnaby-Coquitlam outlined so eloquently tonight the damage done by the bombs dropping on the villages of North Viet Nam, we all felt the same degree of horror. However, not once in his hour speech did he show the slightest degree of sympathy for the bombs that were dropping on South Viet Nam, or the infiltration that is taking place, the assassinations and bombings that have been going on in South Viet Nam by the Viet Cong. Are these civilians not entitled to a little bit of sympathy as well?

• (9:30 p.m.)

The hon. member who has just finished speaking is one of the senior members of the House of Commons. He is one of the most respected voices in Canada in the field of politics. One would have expected him to take advantage of the 40 minutes at his disposal to find some solution to the problem. However, if members look in *Hansard* tomorrow, they will not find a single objective suggestion by the hon. member for Burnaby-Coquitlam as to how he would handle the situation if he were Secretary of State for External Affairs. He knows of course that the Canadian people will see to it that he is never in that position. Nevertheless, Mr. Speaker, one would have hoped that instead of attacking the minister of external affairs, who is highly respected around the world, he would have tried to offer some concrete solution which would assist the minister and those who, earlier this afternoon and this evening, were sitting in the diplomatic gallery.

I made some reference earlier, Mr. Speaker, to the New York *Times*. I may respect the opinions of the leader of the New Democratic Party on the virtues of socialism, more than I do the views of the New York *Times*, but after listening to him this evening I must say I prefer their editorial a little more than his opinions. According to the New York *Times* for Sunday, February 5—

—Foreign Secretary Paul Martin of Canada has made plain the eagerness of his country to help end the Viet Nam conflict, both through its own mediatory efforts and through its membership in the International Control Commission.

[Mr. Mackasey.]

Let me repeat the last part of that sentence —"through its membership in the International Control Commission".

Mr. Orlikow: Where did you get that clipping? You just happened to have it, eh?

Mr. Mackasey: Mr. Speaker, the idiot fringe has spoken again. I have learned that anything that comes from that part of the house should be ignored. I am not too sure whether it is the influence of their leader that has penetrated to their back benches, or whether the flow has been the other way; but there was a time when the leader of the New Democratic Party would stand up in the House of Commons and speak on external affairs and we would take him seriously. But not tonight.

Canada's role in the Viet Nam affair differs from the role of Sweden and from the role of France. It differs because we are members of the control commission. As such, along with Poland and India we have a responsibility, a moral responsibility, to restrain our statements. After all, if it were only a matter of adopting a resolution in the House of Commons to the effect that bombing in North Viet Nam must cease, and if we thought even for two minutes that passage of such a resolution would stop the bombing, we would sit overtime this evening to pass it.

Mr. Prittie: Then come on, let us try it.

Mr. Mackasey: The hon. member says: Let us try it. That shows the type of responsibility taken by hon. members in that party. The minister of external affairs spent half an hour this afternoon explaining why we could not do this. As long as we are a member of that particular commission we have to be as neutral as possible. As the New York *Times* points out, we are one of the few voices still respected by North and South Viet Nam.

The members of the New Democratic Party, in their dislike for the United States, would close one of the few remaining channels of mediation in the world. Do they really think we would be so stupid as to take this course, simply because the leader of the New Democratic Party vents his wrath on the Secretary of State for External Affairs, and once more shows a degree of anti-Americanism? If he had offered one objective suggestion we would have been able to discuss it. The minister would be discussing it with his officials. Who knows where any suggestion coming from the leader of the socialist party may end. But once again, Mr.

Speaker, not a single, solitary suggestion was offered.

Mr. Richard: He has not got any.

Mr. Mackasey: We all know that. But the members of that party get up and try to pretend that they have the solution to all the problems in Canada. They tell the senior citizens of Canada: We are your saviours. They tell the C.L.C.: We are the voice of labour. They go to the university students and tell them: We are for peace. What are they against, Mr. Speaker? And what are they for? They hope to turn any little area of dessension existing in the country into a parcel of votes.

Some hon. Members: Oh, oh.

Mr. Mackasey: Now they are talking among themselves, Mr. Speaker. When they get a little handed back to them they do not like it, and they panic. They get all excited. They have not got their advisers around them from the universities, or their beatniks walking up and down—as they are busy walking up and down in front of the United States embassy tonight.

Why do not some of these hon. members suggest to the North Vietnamese that they co-operate a little more? This afternoon the minister of external affairs pointed out to the House of Commons that there is no doubt that President Johnson of the United States is in a mess. We all agree that this war should never have occurred. They would like to end the war. To the best of my knowledge the Americans are not warmongers by nature, and never have been. If they had we would not be here.

The important thing to remember is that all they have asked of the Viet Cong and the North Vietnamese is for some conciliation, for some indication that they are sincere in their desire to de-escalate the war. There has been a fair period of truce when no bombing in North Viet Nam has taken place. I share the same view as everyone else in this house, including the minister of external affairs, that we wish this pause would continue. But we must remember that American boys are dying, not Canadian, and they have to make the decision. We are trying to be a mediator.

This is a particularly difficult role that Canada has, along with Poland. It is a role that Sweden does not have and that France does not have. President de Gaulle can say what he likes about the United States: He does not have the same responsibility that our Department of External Affairs has.

If we were to follow the suggestion made by the leader of the New Democratic Party tonight, we would pass a resolution which condemns the United States for bombing North Viet Nam. Then the following week the minister would be criticized for not using his good offices to prevent a war and would be wondering why he is no longer welcome among old friends, who could perhaps at the snap of their fingers end the war, at least in so far as the participation of North Viet Nam is concerned.

Mr. Orlikow: Are you looking for some more notes?

Mr. Mackasey: I have notes, yes, but I do not need any notes to tell the N.D.P. how outdated and outmoded is their philosophy. The Canadian people have told them that since time immemorial, and will continue to tell them. I have notes but I will put them away.

It is about time somebody stood up and let the Canadian people know what the happy little gang in the corner represents—not what they think they represent, but what they do represent. They represent socialism in its worst form. They represent anti-Americanism in its worst form. They had an opportunity to help the farmers of this country, and they helped them until it became an embarrassment, not to the farmers but to that party. So they then threw the farmers out and said they would support labour. Now the marriage to labour is getting a little embarrassing, especially to the New Democratic Party.

In this day and age of modern communication the members of the N.D.P. cannot walk into Quebec and say one thing to rival trade unions, and then go into Ontario and tell another group something else.

Mr. Starr: Like the Liberals do.

Mr. Mackasey: When they start telling the present minister of external affairs what he should be doing in Viet Nam they should at least come up with one constructive suggestion, which would be one more than the leader of the New Democratic Party did this evening in the course of a half hour speech.

An hon. Member: How about Saskatchewan?

• (9:40 p.m.)

Mr. Mackasey: What about Saskatchewan? When the leader of the New Democratic Party

ran in Saskatchewan he could not even get elected from that province as a representative to the federal House of Commons. This reflects nothing against the integrity of the hon. gentleman, who is one of the more respected of the senior politicians of this country. It is what he represented—an outmoded way of life which held the province of Saskatchewan back for 20 years.

One has only to check the growth of population in Saskatchewan during the 16 years of socialist rule, and compare it with the growth of population in Manitoba, British Columbia and Alberta. This was not France or England. There were no border points to prevent people going from one province to another. Canadians from the other western provinces could have flowed into Saskatchewan during those 16 Utopian years. Instead, as statistics reveal, the flow was the other way. They could not get out of there fast enough.

When we were talking the other day about potash, and all the benefits that now may come to the province as a result, someone in that party had the audacity to say: We were about to develop potash when we were thrown out of office; we finally got our hands on the money. Which money? I have been doing some research and I find that the money to develop this potash was coming from the United States.

During the recent pipe line debate we heard nothing but anti-American statements from them. We have heard nothing but anti-American statements in connection with the Viet Nam crisis. But the fact is that in Saskatchewan people had 16 years of socialism and chucked them out. It is not only the experience in countries like Sweden, with its strong central government, that we must consider in evaluating the socialists. Now they stand in this house and tell the minister of external affairs how he should handle foreign policy.

That is the right of every member of the House of Commons, and no one can take it away from the hon. member for Burnaby-Coquitlam (Mr. Douglas). But one would expect a man of his integrity, a man of his reputation and a man with his years of experience in the political arena to have made a positive, concrete speech offering suggestions to the minister, one which would have been sympathetic to his delicate role, and worthy of the leader of a party in the House of Commons. He did just the opposite.

Mr. Speaker: It being 9.45 p.m. it is my duty according to section 6 of standing order 46 to interrupt these proceedings and forthwith put the question on the main motion.

Is it the pleasure of the house to adopt the motion?

Mr. Starr: On division.

Motion (Mr. Sharp) agreed to.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

OLD AGE SECURITY ACT RESOLUTION

Resolved that it is expedient to amend the Old Age Security Act to provide that for the 1967 and subsequent taxation years the maximum old age security tax payable on the taxable income of an individual be increased from one hundred and twenty dollars to two hundred and forty dollars.

Mr. Knowles: May I ask the minister one or two questions about this resolution? Am I correct in recalling his statement that the amount of revenue to be raised as a result of this proposed change would be $135 million a year? I believe that is the figure he gave us on December 19. He indicated that this was a way of raising part of the money necessary to pay the guaranteed income supplement which, in the first year, would cost about $280 million. May I ask the minister this question? Is the $135 million being raised by raising the ceiling on the old age security tax the only part of this new revenue that is going into the old age security fund?

Mr. Sharp: Yes, Mr. Chairman, that is right.

Mr. Knowles: Is this not a bit strange? The minister gave us an excuse for this budget the fact that it would be necessary to match the expenditure required to meet the cost of supplementary payments to old age pensioners, but although that expenditure amounts to $280 million he is raising, by way of new taxes which would go into the old age security fund, only $135 million. It seems to me that the minister has not been completely fair to the country and certainly not completely fair to the old age pensioners. He has created the impression that all of the taxes now being raised are made necessary because of the increase in the old age pensions. But he now admits that only $135 million, the return from only one of these taxes, is being used for this purpose. In other words, when we get to the sales tax it will be admitted by the minister that the receipts from that tax are going into general revenue.

This is all part of the reason for our complaint about the government's approach to this subject. We recognize that money which is held in an account such as the old age security fund is only figures on the books, but the fact remains that the funds being collected as old age security taxes are in excess of what is being spent for old age pension purposes. We object strongly to this attempt to create the impression that these taxes have to be raised because we are doing something more for our old age pensioners. The minister admits by what he has said just now that he is asking this house to approve of two tax changes, but that in only one case is the money being raised for pension purposes. We think this is quite unfair and quite unnecessary, and certainly when we come to the other resolution, the increase in the sales tax, we shall register our opposition to it.

• (9:50 p.m.)

Mr. Monteith: Mr. Chairman, I agree completely with what has been said by the hon. member for Winnipeg North Centre. We feel that the public has been completely misled, misled. A section of the press has given the Minister of Finance credit for saying he was going to increase taxes to meet increased payments for old age pensioners. I would like to reiterate what I said during the budget debate, to the effect that the increase in taxes is unnecessary.

There is a surplus in the old age security fund, and expenditure on the old age assistance supplement will not be due for some time yet. As a matter of fact, only today did we receive a sample of the application form which the Minister of National Health and Welfare is sending out to old age pensioners, and earlier that minister admitted payments could not be made until March, or possibly April, because the forms have not all gone out to old age pensioners.

I shall also have something more to say when we come to the second part of the resolution dealing with the Excise Tax Act. We do not think this tax is necessary at this time.

Mr. Winkler: Mr. Chairman, I wish to go back to some of the arguments that were put forward when we were discussing the possibility of increasing old age security payments, and the methods of doing so. I can only say that the funds which are presently available to the government for social security purposes are sufficient without imposing any additional tax on taxpayers. Time and again we told the government that the money in the old age security fund could be used to pay the old age pension supplement, which would have obviated all this confusion and the signing of forms by old age pensioners.

Even though the minister did not think it good to increase old age pensions on a flat rate basis, he will find out that the Canadian taxpayers are very much opposed to the terms of the resolution before us. As other speakers have said, we shall also oppose the second part of the resolution.

I also believe that the government is creating a further area of inefficiency. As I mentioned at one stage of the debate, the government now has three agencies for the collecting and distribution of benefits of Canadians. If the government examined these areas of inefficiency I am sure it could effect some savings for a change, instead of placing a further burden on the taxpayers. It is high time the government thought of the taxpayers.

Mr. Sharp: Mr. Chairman, may I just comment briefly on one or two things that have been said. Mainly I wish to answer the charge made by the hon. member for Winnipeg North Centre in which he suggested I had misled the house and the public in some way. Perhaps I might be permitted to refer to the speech I made when proposing these measures, as recorded at page 11332 of *Hansard* for December 19, 1966. On that occasion I said:

> Consequently, I am not proposing tonight any general changes in taxation for the purpose either of stimulating or of applying further restraints to the economy. The measures proposed are intended only to counterbalance, financially and economically, the expenditures on the guaranteed income supplement with a small margin to allow for the fact that the payments we make to the old age pensioners are sure to be spent while some of the revenues we get will come out of savings.

Then later on, when I was talking about the old age security tax, as recorded at page 11334 I said:

> I am proposing therefore that we act to meet our immediate cash requirements and also to provide properly in our accounts for the burdens which parliament has imposed and is now imposing on the old age security fund during the next four years while the age reduction program is coming fully into effect.

Further, as recorded at page 11336 I said:

> The second tax change I am recommending is intended to add to our general revenues to provide the remaining cash required to pay the guaranteed income supplement.

The general purpose of these measures was made very plain, Mr. Chairman. I think they are justified, and certainly the present Minister of Finance did not mislead either the house or the country.

Mr. Knowles: Mr. Chairman, I suggest that the Minister of Finance convicts himself by quoting his own words. At each of the places from which he has quoted he has made it clear that he was giving the country the impression that the taxes being collected by the proposed measures were to counterbalance the amounts going out. He told us that the amount going out would be about $280 million and that the amount being collected in new taxes would be about $200 million.

I suggest that from the way the minister put it, and even from the quotations that he has given us tonight, the impression given to the country was that the amounts from these two taxes, $135 million by raising the ceiling on the old age security tax and $155 million from the sales tax, were for old age pension purposes. Now we are told that only $135 million is going into the old age security fund, and the $155 million from the sales tax is going into general funds. In other words, the payments for the $280 million that will be required in the first year for the guaranteed income supplement, will come out of the old age security fund into which only an additional $135 million is being put. The rest of the money is going into general revenue, and I submit that is quite contrary to the impression that the minister has given the country.

Mr. Sharp: I cannot accept this, Mr. Chairman, and I think this is an important point. The hon. gentleman has overlooked the fact that we were requiring capital of the order of $280 million in order to meet these expenditures, and that is what we are raising. The question of what goes into the fund and into general revenues is not relevant to the question of how much cash is needed.

The Chairman: Shall the resolution carry?

Some hon. Members: Ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow the house will be asked to consider item 121 on the order paper, house in committee of the whole on Bill C-261, an act to establish the Canada Deposit Insurance Corporation. Then we return to the budget resolutions and the legislation consequent upon them. Then we proceed to item 116, house in committee of the whole on the resolution to amend the Small Businesses Loans Act, and then item 129, second reading of the income tax agreements bill.

Mr. Starr: I wonder if the house leader could give us an assurance that this will be the order in which we will take these matters up that he has enumerated, and that there will be no change in respect to the sequence.

• (10:00 p.m.)

Mr. McIlraith: Does the hon. member mean during the day tomorrow? Yes, Mr. Speaker; this is our intention.

Mr. Starr: Is it the intention of the government to announce tomorrow night a different sequence of business for Wednesday and Thursday?

Mr. McIlraith: That may be the case, depending on what happens in the meantime. I do not foresee any change. We intend to finish the Canada Deposit Insurance Corporation bill and the budget resolutions and legislation consequent thereon. I had added two other bills standing in the name of the Minister of Finance (Mr. Sharp).

Mr. Starr: Is that the order which will carry over into Wednesday?

Mr. McIlraith: I hope that will carry over.

Mr. Starr: I hope so too.

Mr. McIlraith: After that we propose to go to the legislation standing in the name of the President of the Treasury Board having to do with collective bargaining in the civil service, and other related bills.

[*Translation*]

NATIONAL ANTHEM

HOUSE OF COMMONS MEMBERS ON JOINT COMMITTEE

Mr. Bernard Pilon (Chambly-Rouville) moved:

That the following members be appointed to represent the house on the special joint committee on the question raised by the resolution concerning the national anthem and the royal anthem, namely: Messrs. Brand, Cantelon, Gauthier, Hymmen, Johnston, Mandziuk, Martin (Timmins), McWilliam, Orange, Prud'homme, Ryan and Tremblay; and

That a message be sent to the Senate to acquaint Their Honours thereof.

Motion agreed to.

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

UNEMPLOYMENT INSURANCE—POSSIBLE INCREASES IN CEILING AND BENEFIT RATES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Wednesday, February 8, as recorded at page 12797 of *Hansard*, I put this question to the Minister of Labour (Mr. Nicholson):

> In view of his statement this morning to the Canadian Labour Congress, that he shares the view that the ceiling and the benefit rates under the Unemployment Insurance Act should be raised, can he say whether or not this will be done this year?

The minister's reply was as follows:

> Mr. Speaker, as I have already advised the house, this depends on the recommendations that might come from the Unemployment Insurance Commission, to which parliament has delegated certain responsibilities in this field. I can assure the hon. member that so far as the Minister of Labour is concerned, he meant sincerely what he said this morning and my views are well known. I hope we will receive those recommendations shortly.

Mr. Speaker, in a moment I wish to refer to the supplementary question I asked and the answer given to it. First may I say, however—and I say it with some fear and trepidation in view of the fact that the parliamentary secretary who probably will be answering me is in full flight tonight and there is no telling what he will do to me—that I have very seldom heard such a lame excuse for failing to act as the excuse that the Minister of Labour gave me last Wednesday. He said in effect that the government has to wait until it has a recommendation from the Unemployment Insurance Commission before it can raise the ceiling on the benefit rates set out in the Unemployment Insurance Act.

May I point out that these figures, both the ceiling and the benefit rates, are in the statute passed by parliament. Changes have been made from time to time over the years since 1940, but they have always been made by government bills amending the statute. I know of no case when this was done on any other initiative than that of the government itself. It is a lame excuse for the government now to say it cannot act on these matters until it gets a recommendation from a commission which, though provided for by parliament, has been appointed by the government.

The fact of the matter is that it is a period of eight years since the present benefit rates were fixed. They were fixed in 1959 at $27 per week maximum for a single person and $36 per week maximum for an unemployed person with dependants. During that period the Gill committee sat. It made a recommendation about five years ago that these figures should be raised respectively to $36 and $48. If the government wants a recommendation, it has received one from the Gill committee, although even those figures are now out of date.

If the parliamentary secretary will look up the act he will find there is a section in it which gives the governor in council the authority to ask the Unemployment Insurance Commission to ask the advisory committee to state its opinion on various matters including the ceiling and the benefit rates. That does not say that the government cannot bring the matter before parliament, even if the commission or the advisory committee has not made such a recommendation. As I suggest, in my experience in respect of this legislation decisions have been taken by the government and brought before parliament on the government's own responsibility.

I said a moment ago that I should like also to refer to the supplementary question I put to the minister last Wednesday, and his reply. My supplementary question was:

> In view of the fact that the act permits the government to ask the commission for recommendations, has the government asked for such recommendation?

The minister's reply was:

> Mr. Speaker, I have asked the chief commissioner to let me have his views and those of his fellow commissioners.

Please note that I asked the minister a question based on my reading of the act; had the government asked the commission, or had the governor in council passed an order in council requesting the commission to give its opinion. The minister's reply was that he personally had asked the chief commissioner personally to give him his views and the views of his fellow commissioners. Surely that is not carrying out the intent of the act, namely that there can be an official reference from the governor in council to the Unemployment Insurance Commission. This is based on a chat over a cup of coffee, if you please, which I suggest is quite out of keeping with the terms of the act.

Proceedings on Adjournment Motion

This is the second time in the last two or three weeks I have raised this question during a late show. I hope I have made my point with the parliamentary secretary, whether I have made one or not with the minister, the department or the government.

This is a matter of government responsibility, and it is a lame excuse indeed to say the government has not had a recommendation from the Unemployment Insurance Commission because there has apparently not been a formal request by order in council. It is eight years since the present maximum rates were set. It is time to increase these rates, and certainly the increases must go even higher than those proposed by the Gill committee. I call upon the government not to use any more excuses but to act on this matter without further delay.

• (10:10 p.m.)

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, even though I may be in full flight, as the hon. member said, I have been around long enough to know that there is no member in the house that I would turn to with greater rapidity than the present member for Winnipeg North Centre (Mr. Knowles) if I wanted advice on unemployment insurance matters in particular, or labour matters in general. I agree with his interpretation. The government does have the responsibility, and does have the means at its disposal to ask in a formal way the Unemployment Insurance Commission for its recommendations, and indeed has the right to ignore those recommendations and act on its own.

I do not want to express an opinion as to whether the minister's answers were a little abbreviated, but I have taken into consideration the fact that Your Honour, in running this house with great dignity, emphasizes the necessity for all questions being answered in rather concise form. Perhaps the hon. member should have posed his question in such a manner that the minister could have answered in more detail. This points up the wisdom of the observations of Your Honour made many times during the question period.

But again, knowing the source of the question and the tenacity of the questioner, the hon. member can rest assured that not later than first thing in the morning I will try to find out what the government has done, if anything, in a formal capacity. If nothing has been done I will certainly point to the authority of the remarks of the hon. gentleman and see that something is done. I agree with the hon. member, as one who has studied the Gill committee report in some detail as a member of our committee, that many of the recommendations of the Gill committee are long overdue.

[*Translation*]

HOUSING—ACCELERATION OF CONSTRUCTION IN SAGUENAY-LAKE ST. JOHN AREA

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, as reported on page 12826 of *Hansard* for February 9, I asked the following question of the Minister of Labour (Mr. Nicholson):

> Mr. Speaker, I wish to put a question to the Minister of Labour in connection with his statement to the house last January 30.
>
> Can the minister tell the house whether he will recommend to the Central Mortgage and Housing Corporation any increase in residential housing in Saguenay-Lake St. John?

Mr. Speaker, it is undeniable that there is throughout Canada a very acute housing shortage.

The authorities, federal and provincial, are asked to do something about the problem which comes under their jurisdiction. It seems that the complaints directed at them will get the representatives of the federal and provincial governments, the mayors and other city officials concerned moving.

It is unanimously agreed that adequate housing must be provided for each Canadian family but what has been done to prevent increases in the price of new houses, higher interest rates, higher prices for building materials and tools, higher salaries and higher taxes of all kinds? It is surely the responsibility of the governments and municipalities to cut their expenditures and taxes to bring down prices and interest rates because the higher interest rate on mortgages granted under the National Housing Act can only stimulate a certain kind of construction but not that of low rental housing.

In the realm of the Saguenay-Lake St. John, the crisis is especially due to the absence of salubrious, low-rent housing accommodation. Most industrialized towns in that area are facing the inhuman problem of slums where large families whose head is a small wage-earner are crowded. These families have a right to hope for better housing which would favour their self-achievement. In Chicoutimi, queen of the Saguenay, there is practically

no suitable houses at a cost in keeping with the budget of small wage-earners. There would be room for large apartment buildings in that municipality.

In Port Alfred, there is a trend to convert basements into apartments renting from $60 to $90 a month. I wonder whether they meet all the standards of hygiene and safety to which the public is entitled.

In the town of Jonquière, a survey carried out in September 1966 shows that certain parts of the city are faced with the crucial problem of slums. It reveals that out of 967 houses, 403 are in a state of major disrepair and 123 others are absolutely untenantable.

Mr. Paul Tremblay, town clerk of Alma, county seat of the constitutency I represent here, comments that a housing crisis would surely develop in that community if the 25 units considered unsanitary and housing poor people were condemned.

I ask the minister to tell us what action he intends to take to remedy this serious problem affecting our area.

[*English*]

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I would like to congratulate the hon. member for Lac Saint-Jean for his concern about housing in his particular area of the province, and I would like to tell him also that, as I am sure he knows, this is essentially a provincial matter. I would like to tell him that last Monday or Tuesday I had the privilege of meeting the minister of municipal affairs for the province of Quebec, Hon. Paul Dozois, who indicated that one of the first pieces of legislation which the Quebec legislature intends to adopt in the very near future is the establishment of a Quebec housing corporation. As the hon. member no doubt is aware, most provinces across Canada have similar corporations dedicated to the eradication of slums, to urban renewal developments and to public housing in general.

I would suggest to the hon. member that the best way of proceeding to obtain what he wants, that is better housing for his district, is first to create a demand on the civic level from the various towns and municipalities which need this help, and second to send a formal indication adopted by the council to the minister of municipal affairs or to the Quebec housing corporation when it is established.

They in turn will assess the necessity of housing in that particular area, and should they feel that it is a logical project the province will then approach Central Mortgage and Housing Corporation here in Ottawa for financial assistance, co-operation, and I hope to seek the benefit of the experience that central mortgage can place at the disposal of the province of Quebec.

I agree with the conclusion of the hon. member that this is indeed one of the main problems facing Canada. I must point out to him, as one Quebecker to another, that this problem is provincial in jurisdiction; but this should be no impediment, particularly in view of the very cordial relations that exist between Quebec and Ottawa.

BANKRUPTCY—WINNIPEG—FAILURE OF LIVESTOCK COMMISSION HOUSE

Mr. Ed. Schreyer (Springfield): Mr. Speaker, before the orders of the day I asked the parliamentary secretary to the Minister of Agriculture whether he would look into the matter of the bankruptcy involving a livestock commission merchant in the Winnipeg-St. Boniface stockyard establishment, and find out why it is that for almost a whole year now it has not been possible to make arrangements so that the farmers who delivered their cattle there would be reimbursed for their deliveries. It is my understanding of the matter that the bankruptcy of the livestock commission merchant is further complicated by what seems to be an apparent default on the part of the bonding company, and by allegations that there is some disagreement between the federal departments of agriculture and justice as to what the proper course of action should be.

• (10:20 p.m.)

In any case, Mr. Speaker, I should like the parliamentary secretary to indicate whether the department is fully apprised of this situation. I should like to know whether any special course of action is to be undertaken. It certainly seems that a special set of circumstances prevail because, as I said, this matter has been in this state for almost 12 months now. I hope there is some specific answer available.

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I wish to thank the hon. member for

bringing this important matter to the attention of the house. I have had an opportunity, since the question was asked, of checking into it. I am authorized to say on behalf of the Minister of Agriculture that this matter is currently under active consideration or pursuit by the Canadian Department of Agriculture and the Department of Justice, in close co-operation. We do hope to have a report in the very near future.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Tuesday, February 14, 1967

The house met at 2.30 p.m.

SUPPLEMENTARY ESTIMATES (E) 1966-67

A message from His Excellency the Governor General transmitting supplementary estimates (E) for the financial year ending March 31, 1967, was presented by Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board), read by Mr. Speaker to the house, and referred to the committee of supply.

COMMITTEES OF THE HOUSE

Sixth report of standing committee on justice and legal affairs—Mr. Cameron (High Park).

FINANCE, TRADE AND ECONOMIC AFFAIRS

Mr. H. E. Gray (Essex West): Mr. Speaker, I have the honour to present the twentieth report of the standing committee on finance, trade and economic affairs, in English and French.

[*Translation*]

This report includes a copy of the minutes and proceedings concerning the establishment of Canada Deposit Insurance Corporation.

[*Note: Text of the foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

DOMINION-PROVINCIAL RELATIONS

INQUIRY AS TO CONFERENCES ON FINANCIAL AND CONSTITUTIONAL MATTERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question arising out of the exchange of letters between himself and the premier of Quebec. Pending the convening of the suggested conference dealing with the urgent matter of protecting investors in corporations, particularly those under federal jurisdiction, what steps is the government taking at this time to apply existing federal authority; and will the Prime Minister say whether any federal investigation is taking place at the present time into the North American General Insurance Company which operated under a federal charter and federal jurisdiction?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, a number of questions were asked about the North American General Insurance Company at the time this company suffered as a result of the failure of its parent, the Prudential Finance Company. I think I answered those questions adequately at that time. If there are any further questions the right hon. gentleman would like to ask I will endeavour to answer them.

Mr. Diefenbaker: Mr. Speaker, I just asked what steps are being taken now. Will the minister say what steps are being taken to assure foreign investors of the security of Canadian companies, other than the distribution of the Prime Minister's statement of February 1 by the Canadian consul general in New York to United States business leaders?

Mr. Sharp: Mr. Speaker, the question is of such a general character I am unable to follow it. It may be capable of answer but I think it should be more specific before I undertake to reply.

Mr. Diefenbaker: Is the minister aware of the fact that the consul general in New York, in order to assure United States businessmen of the security of Canadian shares and stocks, had the Prime Minister's speech distributed to United States business heads? That should be simple enough even for him to understand. When he is answering that question will he also state whether there has been any suggestion that in order to reassure businessmen in the United States regarding Canada's attitude, the Minister without Portfolio be sent on a speaking tour of the United States?

Mr. Sharp: Mr. Speaker, it is quite clear that the right hon. gentleman intended to make a statement. He did not ask for my comments.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: You haven't got an answer. You did not even know about it.

Inquiries of the Ministry

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Further to the exchange between the Prime Minister and the premier of Quebec regarding the federal-provincial conference on financial institutions and securities, I would ask the Prime Minister this question. In addition to the whole question of deposit insurance, what other items does the federal government propose or intend to suggest be placed on the agenda for this conference?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the proposed conference will cover the work of our financial institutions in a general way. We will be communicating later today with all the provinces, and if they have detailed items to suggest for these meetings they can make them known to us. There are discussions going on, I believe, at the present time among the officials of the various governments that will be concerned in working out the agenda for the ministerial conference.

Mr. Douglas: Mr. Speaker, may I direct a further supplementary question to the Minister of Finance and ask him how many of the provincial governments have so far officially informed the minister that they intend to introduce legislation making it mandatory for the financial institutions coming within their jurisdiction to bring themselves within the purview of the legislation with which we will be dealing later today.

Mr. Sharp: The province of Ontario through Mr. Rowntree, its minister concerned with these matters, indicated in the Ontario legislature that it would require all Ontario companies to be covered by federal deposit insurance. The attorney general of British Columbia, Mr. Bonner, made a statement to the effect—I have not had any confirmation as yet—that this is the intention of his government. I have communicated with all the other provinces and drawn to their attention the statement I made on second reading. I have not had replies other than those I have mentioned.

Hon. Michael Starr (Ontario): Mr. Speaker, I have supplementary question for the right hon. Prime Minister. In view of the fact that he has acquiesced in the suggestion made by Premier Johnson of Quebec as to the holding of a conference on deposit insurance, would the Prime Minister reconsider his position in respect of Premier Robarts' call for a conference on our constitution, which would be very appropriate at this time?

[Mr. Diefenbaker.]

Mr. Pearson: In the first place, Mr. Speaker, it is not a conference on deposit insurance. In the second place, it is a conference to deal with a matter for which we have already been preparing with the provinces. Premier Johnson's suggestion is that we might have that meeting earlier than had been contemplated. Third, there is no connection whatever between a conference on constitutional matters and a conference on financial matters.

Mr. Starr: Mr. Speaker, does not the Prime Minister think that a constitutional question is one that comes within the purview of the provinces, or is it only within the jurisdiction of the federal government?

Mr. Pearson: It is also—

Mr. Speaker: Order, please. I would think the question as asked is not acceptable.

Mr. Pearson: Mr. Speaker, perhaps I should point out, as it is important, that there is also a difference between the two situations, in that Mr. Johnson asked the federal government to call the conference.

Some hon. Members: Hear, hear.

Mr. Starr: A further supplementary question, Mr. Speaker. Would not the Prime Minister take the initiative in respect of the call of Premier Robarts and have the federal government, now that we are in our centennial year, call a conference on the constitution?

Mr. Diefenbaker: We have asked for it over and over again.

Mr. Pearson: Mr. Speaker, we have already indicated that in our view this is not the moment for a full conference on the amending of our constitution, until all the preparatory work has been completed.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. What is constitutionally wrong with a provincial government convening a conference, in the absence of the federal government taking the action it should?

Mr. Pearson: Mr. Speaker, the provincial governments do that every year.

EDUCATION

REQUEST FOR INCREASED ASSISTANCE TO CANADIAN STUDENTS

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I should like to direct a question to the Prime Minister in connection with the answer received to my question No. 2,090 concerning our external aid program. The government answered that on an average each student under the foreign aid program cost the government $5,467.29 per annum. Does the federal government contemplate changing its present policy in order to accommodate Canadian students and provide them with about the same amount of money, that is $5,500 per annum, to attend Canadian universities?

Mr. Speaker: Order. I fail to see that this is the kind of question which should be asked at this time. The matter does not appear to be one of immediate urgency, and I suggest that the hon. member place it on the order paper.

Mr. Langlois (Mégantic): I placed a question on the order paper on October 25, Mr. Speaker, and it took the government so long to answer it that I hesitate to put down another. In the present circumstances, when a good deal of discussion is taking place at university level—

Mr. Speaker: Order. The hon. member knows his remedy. If he feels there is real urgency attaching to it he can debate it this evening.

Mr. Langlois (Mégantic): Ten o'clock, Mr. Speaker.

REQUEST FOR STATEMENT ON STUDENT SCHOLARSHIP PLAN

On the orders of the day:

Mr. E. Nasserden (Rosthern): I have a question for the Prime Minister. I should like to ask how long we must wait for an announcement with regard to the Prime Minister's urgent desire to provide 10,000 scholarships for Canadian students.

Right Hon. L. B. Pearson (Prime Minister): Before long, Mr. Speaker.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSIONS COMMISSION

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): I have a question for the Minister of Veterans Affairs, of which I gave him verbal notice yesterday. Can the minister advise the house when he expects to be in a position to table the report of the commission established to inquire into veterans pensions and make recommendations with regard to them?

Hon. Roger Teillet (Minister of Veterans Affairs): According to my most recent information it will take some little time yet, because of a printing delay. But I will inquire again and obtain this information for the hon. member.

HOUSING

REQUEST FOR ANNOUNCEMENT OF NEW GOVERNMENT POLICY

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): In view of the acute housing shortage now facing this nation I should like to put a question to the Prime Minister. Is the government seriously considering the recommendation made to it last week end that a ministry of housing should be established?

If not, is the government considering any other reorganization plan for the direction of housing policy?

Mr. Speaker: Order, I would think the question is of too general a nature to be asked now. I fail to see how it could properly be asked at this time.

Mr. Grafftey: May I then direct another question to the Minister of Labour. In view of the critical housing situation at the present time can the minister inform the house when he expects to bring his cross-country study groups and symposia to a conclusion so we may get some action?

Hon. J. R. Nicholson (Minister of Labour): When the hon. member has concluded his histrionics and asks a new question, I will gladly give him an answer. I have already told him when the symposium will be brought to a conclusion.

Mr. Grafftey: The minister seems irritated. He is not as irritated as the thousands of Canadians who are looking for homes.

Mr. Speaker: Order.

Mr. Grafftey: A further supplementary question, directed to the Minister of Manpower and Immigration. In view of the record levels of immigration we have experienced and the consequent need for new housing, has

the hon. gentleman impressed on his colleague, the Minister of Labour, the urgency of announcing this new policy very soon?

Mr. Speaker: Order, please. I do not think the supplementary question is sufficiently urgent.

Mr. Grafftey: The urgency is that thousands of Canadians are looking for homes, and they want action. Is that not urgent?

Mr. Speaker: I doubt whether the problem can be solved by asking a question at this time, though.

INCOME TAX

LLOYDMINSTER, ALTA.—ALL FORMS RECEIVED IN FRENCH

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): I have a question for the minister of National Revenue. It arises out of a letter I have received from one of my constituents complaining that all the 1966 farm and fishery income tax forms sent to the post office in Lloydminster, Alberta were in the French language.

Some hon. Members: Oh, oh.

Mr. Smallwood: Can the minister explain why all these forms were sent to the Lloydminster post office, Alberta, in the French language?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): I did not realize that my department was taking bilingualism so seriously, but I will be pleased to look into the matter.

Mr. Smallwood: Is this the Prime Minister's way of promoting bilingualism in western Canada?

Some hon. Members: Oh, oh.

HEALTH AND WELFARE

SMOKING—REQUEST FOR STATEMENT ON GOVERNMENT ACTION

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I have a question for the Minister of National Health and Welfare. In view of the deep anxiety caused by recent disclosures of the effects of cigarette smoking respecting the cardiovascular system and lung cancer, will the minister advise what further steps are being taken to control the consumption of cigarettes and decrease the mortality rates from these diseases?

[Mr. Grafftey.]

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the department's health and education program concerning the well recognized and controllable hazards in connection with smoking, which are mainly cardiovascular and lung diseases will be continued. In addition, further research is being undertaken to learn more about the habit of cigarette smoking. There are a number of other programs in the department in the general area which are being accelerated.

Mr. W. B. Nesbitt (Oxford): I have a supplementary question, Mr. Speaker. Has the minister allocated any funds for research in this regard to try to remove the offending carcinogens from cigarette tobacco so the industry may not be ultimately destroyed or severely damaged?

Mr. MacEachen: I should like to take this particular question as notice.

Mr. Eric A. Winkler (Grey-Bruce): I should like to ask the Minister of National Health and Welfare if he can inform the house whether there has been any increase in the program of research in the cardiovascular field?

Mr. MacEachen: Mr. Speaker, the relationship between cigarette smoking and lung and cardiovascular diseases has been demonstrated by recent studies released by the department. The research program in this general area is being continued and as well a chronic disease program is being developed.

Mr. Winkler: My question was in relation to the request of Canadian researchers who met some weeks ago at the Chateau Laurier in Ottawa.

Mr. Raymond Langlois (Mégantic): I have a further supplementary question for the Minister of National Health and Welfare. After the information has been made available as a result of these tests and inquiries, is it the intention of the government to amend the Tobacco Restraint Act so it will become more efficient and more practicable today?

Mr. MacEachen: Mr. Speaker, the question is too vague for an intelligent answer at this moment.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REQUEST FOR CLEMENCY FOR JAILED UNION LEADERS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): My question is for the Solicitor General. On several occasions on orders of the day the minister has been asked what consideration has been given to the release of two Vancouver trade unionists who are now serving sentences resulting from trade union activities. Can the minister inform the house now whether this consideration has reached a conclusion, and if so when will the men be released?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the royal prerogative of mercy has been extended to the two men in question and the balance of their sentence, which was due to expire on March 31, will be remitted as of February 15.

EXTERNAL AFFAIRS

VIET NAM—SUGGESTED RECONVENING OF GENEVA CONFERENCE

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Secretary of State for External Affairs, who is now an advocate of quiet, old fashioned diplomacy. Why did the minister not arrange a meeting with Messrs Wilson and Kosygin a few days ago to consider reconvening the Geneva conference on Viet Nam? Are these gentlemen not yet aware of the minister's assessment of his importance in foreign affairs?

Mr. Speaker: Order, please.

PORTUGAL—REPORTED INTENTION TO EXILE POLITICAL PRISONERS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Secretary of State for External Affairs. I have notified him of the subject matter, if not the precise question.

Does the government intend to make any representations to the government of Portugal about the recent reintroduction of a decree providing for the exile outside of metropolitan Portugal of political prisoners, thereby reviving fears of the use of the concentration camps of the past?

Mr. Speaker: Order. I wonder whether the hon. member would suggest that this is a matter of such urgency that this question should be asked today on orders of the day.

Mr. Brewin: Your Honour has put a question to me. I think it is a matter of very great urgency because of the fact that many of the people languishing in jails in one of our allied countries are threatened with deportation or exile to concentration camps outside Portugal. This is a matter that concerns all people who are interested in the liberty of human beings and in human rights.

Mr. Churchill: Mr. Speaker, on a point of order, would you address a question to me? I should like to make a speech, too.

Mr. Speaker: Perhaps that is why I did not put a question to the hon. member.

CANADIAN NATIONAL RAILWAYS

ARRANGEMENTS FOR TRANSPORTING YOUNG PEOPLE TO EXPO '67

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I have a question for the Minister of Transport. It has to do with transportation by the Canadian National Railway of school students, scout troops and great numbers of other young people who are planning to visit Expo this summer. Some of these people have waited for ten months to get a reply from the company. Can the minister say how soon this transportation problem will be solved?

Hon. J. W. Pickersgill (Minister of Transport): If the hon. member will let me have the data, and if he has not had a reply, I will do what I can to see that a reply is sent by the railway.

SPORTS

QUEBEC WINTER GAMES—NON-ATTENDANCE OF SECRETARY OF STATE

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I have a question which is appropriate for Valentine day which I address to the Secretary of State. In view of the fact that the minister for cultural affairs for Quebec, Hon. Jean-Noël Tremblay, has said that his heart belongs entirely to the Secretary of State, or so reports the Montreal *Gazette*, would she now confirm her regret that she did not go to Quebec city over the week end, where her department provided $700,000 in centennial funds for the winter games for

which no credit seems to be given to the hon. lady?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I had suspected for a long time that the gentleman in question was a man of great cultural achievement. Now, of course, he has proven it. I should like to say that like my hon. friend he will have to stand in line, and I thank him for the valentine.

HISTORIC SITES AND MONUMENTS

LOUISBOURG FORTRESS—DISMISSAL OF SENIOR EMPLOYEE

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the minister of northern development. May I ask him whether he is in a position today to reply to a question I posed some days ago with reference to the charge that one Jeremy Akerman had been laid off from his position as an archeologist at the fortress of Louisbourg project because of political activity on behalf of the New Democratic Party. The minister will recall that he promised me some days ago that he would investigate the matter.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I want to thank the hon. member for drawing this matter once more to my attention. The hon. lady member for Vancouver-Kingsway asked yesterday whether I would give a reply.

Mr. Jeremy Akerman was employed by us under contract as a junior archeologist on the Louisbourg project. It became apparent very quickly thereafter that he was interested in other things, when he made a very heavy attack on the operations of the federal fisheries department. My officers drew this to my attention and said that in light of the fact that this was not affecting his work at Louisbourg they did not intend to discipline him; and I agreed with that entirely.

Some time later he went on television and radio attacking his own senior officer in archeology, and my officers have now advised me that they have not the intention of renewing his contract when it expires; and I agree with that, too.

I am now reliably told, Mr. Speaker, that on February 13 Mr. Akerman accepted a nomination from the New Democratic Party in a riding in the province of Nova Scotia. From this I can only conclude that this young man is determined to spend all his life digging into the past.

[Mr. McCleave.]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I am sure that if he were to dig sufficiently into the past he would find the minister there. May I ask the minister whether he has confirmed by examining the text of the alleged radio and television programs that such an attack was made by this man upon his superiors; and has the minister himself checked to see whether it is true that he did become a candidate for public office? I would also ask the minister whether it is forbidden for civil servants to accept nomination for public office.

Mr. Laing: Mr. Speaker, I am assured by my officers that their decisions in both these affairs had nothing to do with any political activity this man was carrying on at all. The contract expires on March 31, 1967 I think, and I assume he will continue to work for us until then. Their decision not to renew his contract had nothing at all to do with his activity but only with his professional capacity.

Mr. Muir (Cape Breton North and Victoria): A supplementary question, Mr. Speaker. Was the gentleman in question a civil servant?

Mr. Laing: No; he was working for us under contract, a term contract.

Mr. Douglas: A further supplementary question. If the fact that he might be a candidate or that he had indulged in political activity had nothing to do with the minister's decision, what relevance has it in the minister's remarks today?

Mr. Speaker: Order, please.

LABOUR CONDITIONS

SEAFARERS UNION—CHARGES LAID IN U.S. COURT AGAINST CANADIAN OFFICIAL

On the orders of the day:

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, on two recent occasions, latterly on February 9, the hon. member for Kootenay West inquired whether Donald Swait, secretary treasurer of the Seafarers International Union of Canada, had been named a co-conspirator in a United States court in Chicago where five persons are charged at present with the bombing of a Canadian ship, with the bombing of port tracks and the interstate transportation of dynamite for this

purpose. The hon. member also asked whether I had any information to give to the house regarding this matter.

In reply, Mr. Speaker, I would say that I have obtained a copy of a lengthy indictment in the United States district court, northern district of Illinois. In this indictment, which is dated January 17, 1967, five persons are named as defendants. Six other persons, among them Donald Swait, are named as co-conspirators but not as defendants in the charges referred to in the indictment. Swait is not charged with an offence. He is named as a co-conspirator and I have been given to understand that he denies any complicity in the conspiracy.

CANADIAN CENTENNIAL

ISSUE OF DOLLAR BILLS BEARING NO SERIAL NUMBERS

On the orders of the day:

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, yesterday the hon. member for Perth asked me a question about the centennial issue of Bank of Canada $1 bills. He asked whether I could assure the house that there will be a sufficient supply to satisfy the demand.

I should like to reply, Mr. Speaker, that there is no reason why anyone should pay a premium for these notes. The Bank of Canada has already issued 518,000 of the notes in response to requests, and I can assure the house that the Bank of Canada will arrange for a sufficient supply to satisfy all demands.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, a supplementary question. Does not the minister think it is a very serious undertaking to issue credit notes with no serial numbers on them?

Mr. Speaker: Order. The question is argumentative.

[*Translation*]

LABOUR RELATIONS

C.B.C.—CHOICE OF C.N.T.U. AS BARGAINING AGENT

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a question for the Minister of Labour.

In view of the fact that union recognition by the Canada Labour Relations Board of the C.B.C. employees has become urgent and important as a result of the statement by a fourth labour organization to the effect that the C.B.C. employees should join them, is the Minister of Labour in a position to say whether the report of the special cabinet committee set up to consider this question has been supplied to the members of the Canada Labour Relations Board? Could he also inform us whether this report will be tabled in the house?

[*English*]

Hon. J. R. Nicholson (Minister of Labour): No, Mr. Speaker. The report will not be tabled in the house, and the cabinet does not instruct the Canada Labour Relations Board.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to put a supplementary question.

Since this problem has taken on a national importance and is rather a matter of principle in labour relations, does the minister intend to intervene in this particular dispute and to put forward the terms and conditions pointed out to all Quebec members by the C.N.T.U.?

[*English*]

Mr. Nicholson: Mr. Speaker, if the hon. member would draw to my attention any sections of the act he thinks I should consider I shall be pleased to look into the matter further.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWER TO QUESTION ON ORDER PAPER

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, because of the government's decision to soon bring in Bill No. C-267 and its related resolution, I ask the Secretary of State when she anticipates being able to answer question No. 2012, which I put on the order paper on October 12. I feel that perhaps the hon. lady could rise to the occasion and answer the question, as she has done on a previous occasion this afternoon.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I do not know why that information has not been available since October 12. Of course it must come from practically every agency and crown corporation and all branches of the armed service and so on. It is difficult to answer, but I shall inquire into it.

Mr. Lambert: I hope the hon. lady manages to stir up the various departments. This is just foot dragging by somebody.

Inquiries of the Ministry

Miss LaMarsh: I spend most of my time stirring up my department to answer questions.

CANADA LABOUR CODE

REQUEST FOR STATEMENT RESPECTING APPLICATIONS FOR DEFERMENT

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Minister of Labour. Yesterday I addressed a question to him through his parliamentary secretary asking whether a decision has yet been arrived at with respect to applications for exclusion or deferment of the hours of work section of the labour code. Can the minister answer?

Hon. J. R. Nicholson (Minister of Labour): Some time in January, Mr. Speaker, I assured the house that I would table a comprehensive report. I hope to be able to table the report tomorrow or Thursday, showing action taken under the labour standards code.

Mr. Starr: A supplementary question, Mr. Speaker. I wonder if the minister could answer verbally whether a decision has been reached on all applications.

Mr. Nicholson: No, Mr. Speaker. The report will show the reasons for some deferments, and for at least some of the delays where matters require further consideration.

HEALTH AND WELFARE

INQUIRY AS TO STUDY OF HOSPITAL CONSTRUCTION COSTS

On the orders of the day:

Mr. E. Nasserden (Rosthern): My question is directed to the Prime Minister. Is the government or a committee of cabinet studying rising construction costs as they apply to hospital construction?

Mr. Speaker: Order, please. The question is much too general, and I suggest should not be asked on orders of the day.

AGRICULTURE

EGGS—REPORTED RECENT DROP IN PRICES

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker. I was waiting for the Minister of Agriculture or his parliamentary secretary to come in, but I have a question of urgency and I shall direct it to the minister from whom I always get a prompt reply, the Secretary of State for External Affairs. My question has to do with the prices of eggs. Those prices recently have dropped by as much as 20 cents per dozen. This is the biggest drop in prices since hens started laying eggs.

Mr. Starr: This is right up to the minister's street. He knows more than anybody else about this.

Hon. Paul Martin (Secretary of State for External Affairs): Perhaps I might discuss this question with Mr. Kosygin.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration. I apologize for not having given him notice, but I wish to discuss it at ten o'clock.

My question is as follows: Has the minister received from the Estates General of French Canada a request for assistance in favour of French minorities in western Canada, in order to help them to take part in a plenary meeting which will soon be held?

Ten o'clock please, sir.

Some hon. Members: Oh, oh.

[*English*]

ADMINISTRATION OF JUSTICE

HAL BANKS—REQUEST FOR REPORT ON EXTRADITION PROCEEDINGS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Solicitor General. I have not given him notice but he is well informed on the topic. Has any final decision been reached yet with respect to the return of Harold Chamberlain Banks, who some are pleased to term that wonderful gangster who escaped to the United States from Canada?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, this matter is being considered by the crown attorney in Ottawa. I am awaiting word of his decision.

WATER RESOURCES

PEMBINA RIVER—INQUIRY AS TO COMMISSION REPORT

On the orders of the day:

Mr. George Muir (Lisgar): My question is directed to the Secretary of State for External

Affairs. Some time ago I asked the minister if he could report on the Pembina river project, the development plan being studied by the International Joint Commission. Can he reply to that question?

Hon. Paul Martin (Secretary of State for External Affairs): I am sorry; I should have answered this long ago. The report of the International Joint Commission has not been completed. I inquired the day after my hon. friend asked this question and was told that the report would be available fairly shortly. I shall inquire again.

CANADA DEPOSIT INSURANCE CORPORATION

AUTHORIZATION FOR ESTABLISHMENT OF CORPORATION, MAKING OF LOANS, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee to consider Bill No. C-261, to establish the Canada Deposit Insurance Corporation.

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

On clause 2—*Definitions.*

Mr. Lambert: Mr. Chairman, I should not want clause 2 to carry in the hubbub of the resumption of the sitting. Clause 2 is the interpretation clause. Because of the rush to get this bill through, the transcript of evidence of the previous proceedings having been delivered to opposition spokesmen only during the lunch hour, it may be a little difficult to operate. With the evidence given by the minister and other persons with regard to this bill coming to hand so late we shall operate under a handicap. However, we shall do our best to discuss this bill section by section. Should there be some duplication between questions asked in the house during the course of debate and questions asked of the minister in the committee, that duplication I hope will be readily understood.

• (3:20 p.m.)

On the definitions clause the first point I would raise is the question of the definition of a deposit. There was a good deal of discussion on what should be a deposit receiving or accepting institution. In that connection the transcript is wrong where it classifies this as a deposit excepting institution, and I hope whoever has the responsibility for the transcript will make the necessary correction.

If it is impossible for parliament to define in this clause what a deposit is, then what hope is there for a definition of a deposit in the by-laws of the corporation? Why must the power to define a deposit, or the ambit of this bill, be assigned to the corporation by parliament, particularly since the corporation will not be directly responsible to parliament and not subject to review by parliament, except that its report will be tabled and I suppose we can discuss it on the estimates of the Minister of Finance?

This once more raises a subject I have discussed on many occasions, namely that delegated powers of this kind must at all times be subject to review by parliament, and not by the present procedure. This is a delegated power and parliament, or a committee thereof, must be in a position to annually assess performance under such delegated powers and the delineation of such powers. So far as this house and the other place are concerned, this is writing a blank cheque in that the government, in proposing this bill, has again refused to face up to its responsibilities.

The minister quite candidly admitted that there was difficulty in determining what is a deposit. Do deposits include certain types of demand bonds? Do they include Canada savings certificates? The government are quite content to say "Well, we will let the corporation determine what is a deposit." I cannot conceive any greater type of abdication of government responsibility. I could continue to speak about the abdication of responsibility in regard to the supervision and control of banks and near banks, but I shall not do that now because I will have a great deal to say about the matter when we are discussing the amendments to the Bank Act.

This, Mr. Chairman, is a stop gap measure. The minister said so before the standing committee. If it had not been for the action of the government of the province of Ontario the other day, this measure would not be under discussion now. Right at the very beginning, from page 4 of the transcript, we know that in the ordinary course of events the government would not have come forward with this bill. Why has the government suddenly got cold feet now? It had an appropriate opportunity to cover this matter of supervision and control when drafting the amendments to the Bank Act. It is as if the government came up to the front door, refused to open it, and then came back and tried to get in through a side door with respect to the control and inspection of near banks.

I shall have more to say with regard to the provision respecting the consent of the provinces, but on this particular clause I ask the minister why it is that we in this house cannot define what is a deposit, in either in general enough terms to accept evolution in, shall I say, quasi banking practices, or if preferred by the draftsman, by itemizing what is meant by a deposit so that it may be clear cut?

The committee is considering deposit insurance, but it does not even know what is a deposit. It merely knows that the corporation, a group of individuals appointed by the crown, will at some future date determine what shall be a deposit. I would have thought an eminent lawyer like the Minister without Portfolio would have wondered at this. I mean the hon. member for St. Lawrence-St. George, since the other Minister without Portfolio is just an accountant in the terminology of other people. Why would the hon. member for St. Lawrence-St. George accept such a definition in this key clause? The bill is to be known as the "Canada Deposit Insurance Corporation Act," yet we cannot tell what is a deposit. Somebody else will have to tell parliament what it is. I would like the minister to interpret and explain just what is meant so far as this particular clause is concerned.

Mr. Sharp: Mr. Chairman, one of the principal reasons that no attempt has been made in this parliament to define a deposit is that we are going to make these facilities available to provincial corporations as well as to federal corporations. We do know what constitutes a deposit for the purposes of federal institutions. Indeed, the officers of the government are very well aware of the operations of federal institutions which they inspect. However, we are not in a position at the present time to know exactly the form of all the instruments which are issued by provincial companies, since we do not exercise any supervision over them. We have been urged by the province of Ontario and the province of Quebec to leave some flexibility in the legislation so we do not inadvertently leave out of the ambit of a deposit some instrument that, on examination, we might wish to insure.

When I spoke on second reading of the bill and in the standing committee I gave a general idea of the kind of deposits that would be insured. Of course in the bill itself such deposits are limited to $20,000, so we are not asking for carte blanche. There are limitations in the bill, but generally speaking we would try to include deposits of up to five years maturity.

Another reason that I think it would be undesirable to attempt to define a deposit too precisely in the bill is that we shall endeavour to persuade institutions that come under our policies to make clear, on the face of those deposits that are insured, that they are in fact deposits. This may require a change in nomenclature or description, and for these reasons I believe the government is justified in asking the house to approve the bill with a considerable degree of flexibility in it. After we have had some experience it may be possible for us to describe more precisely in legislation the kind of instruments that hereafter would be insured. At the present stage, since this is the first legislation of its kind ever introduced in the house, I submit that some flexibility is desirable.

• (3:30 p.m.)

Mr. Gilbert: Mr. Chairman, we in the New Democratic Party have serious objections to the failure of the government to define a deposit. Probably the minister is aware that in the United States under the Federal-Savings and Loan Insurance Corporation and also under the Federal Deposit Insurance Corporation a deposit is defined. In the Federal Savings Loan Insurance Corporation accounts are defined as all forms of savings and insured savings including share and investment certificates, while the F.D.I.C. insures demand savings and short-term deposits in commercial and savings banks.

The hon. member for Edmonton West has raised an excellent point with regard to what constitutes a deposit. One of the things which worried so many people in Ontario with regard to the Prudential Finance fiasco was that they thought they had deposits in particular institutions because they held guaranteed savings certificates. If we do not include these in our definition, we will be in very serious trouble because, as the minister well knows, the coverage in this bill does not include finance institutions. Many people making deposits in these institutions may well think that they are covered by this bill when in fact they will not be. One of the disappointments with regard to the Prudential affair was the failure of the government either to set up a royal commission on its own or jointly with the province to determine the reasons for the failure of that company. Such a commission

could have made recommendations with regard to such types of institutions which will not be covered by this legislation.

One comment made by the minister which is most welcome is the statement that depositors who will be covered by this legislation should and must know whether they have deposits within the definition contained therein. We welcome this because of the complexity of the definition and the difficulty which most people have in determining whether they have deposits.

Mr. Sharp: Mr. Chairman, I should like to make one short comment on the statement just made. While it is true that the provision before us does not define a deposit, deposits will be defined by the corporation and due notice will be given to all institutions and to all depositors of the exact description of the deposits which ultimately will be insured.

Mr. More: Mr. Chairman, perhaps this point is open to argument. We are going to allow the corporation to define deposits if we pass this bill. By delegating the authority to the corporation we are taking it away from parliament. Why cannot parliament define deposits?

As found on page 8 of the transcript of evidence, in reply to a question asked by the hon. member for Nanaimo-Cowichan-The Islands, the minister said that he had not seen the Ontario legislation but that he understood it would require all Ontario companies to join the federal scheme once it is in effect. I take it that this means all Ontario companies taking deposits. Therefore it would seem to me that Ontario at least must have a definition of deposits.

I claim, that some of the provincial companies actually are under federal jurisdiction with regard to deposit-taking but the government does not exert its authority. However, in respect of the companies which are under federal jurisdiction because of the definition in the Bank Act and because of their charters, surely the minister must know which of their instruments are going to be insured. Therefore, why can they not be defined in the bill by such words as "such other instruments as may be determined by the corporation in consultation with the provinces"? At least parliament would have indicated its authority to that extent.

What we object to is the principle of delegating to a corporation the power to define what the bill actually covers. Our position, which I feel is justified, is that parliament when it is passing an act should define what it covers. When it is necessary that we know the definition of instruments in respect of federal companies which are going to be insured, why can this not be stated?

Mr. Sharp: Mr. Chairman, I do not think we would advance our legislation very far if we were to say that deposits include what clearly are deposits, such as notice and demand deposits of chartered banks. That would be easy and obviously is covered by the bill. The more difficult cases arise when we get into deposit receipts which could be regarded from one point of view as a security and from another point of view as a deposit. That is where the complications arise. In preparing this legislation it seemed to us that in order to make the bill as useful as possible it would be satisfactory to the house to give the corporation some flexibility. Anything which obviously is a deposit will be insured. The problem is, what is the difference between a deposit and a security? We felt it desirable to study this question at some length, have some discussion with the provinces about the differences in practice, and endeavour to persuade the institutions concerned to make a clear distinction. In that way the public would be given greater security.

I do not think it will advance the cause at all if we say that deposits include notice and demand deposits in the chartered banks. That is obvious. If the committee wishes to amend the bill to the effect that it shall include notice and demand deposits and such other instruments as may be defined by the Governor in Council, I have no objection, but I do not think this will in any way clarify the situation for the general public nor for our discussions with the provinces.

Mr. Bell (Carleton): Mr. Chairman, I wonder whether the minister would be just a little more precise in respect of one form of deposit. In recent times perhaps the most popular instruments which have been issued by near banks are what are called guaranteed investment certificates. Is it clear that guaranteed investment certificates are intended to be insured by this legislation provided their term is not more than the maturity mentioned by the minister, five years?

Mr. Sharp: It would be my intention to recommend to the Governor in Council that guaranteed investment certificates of up to five years and debentures of loan companies up to five years would be covered.

Canada Deposit Insurance Corp.

• (3:40 p.m.)

Mr. Bell (Carleton): Mr. Chairman, I want to make only one further general comment on this clause. When the bill was at the second reading stage on February 3 I endeavoured to make my position very clear. I submitted that the minister had approached this problem in the wrong way. In my view the trouble is that parliament has abdicated its proper authority over banking. I am bothered because we have definitions such as the one in (j), "provincial institution", because there would be no such thing as a provincial institution in relation to deposit-taking if this parliament asserted its proper authority. Deposit-taking is the very heart and core of banking, and being the heart and core this parliament should assert its own exclusive authority over it. I am not going to argue further with the minister, but I wanted to make my position completely clear.

The minister ought to have moved to bring near banks under the supervision and control of this parliament, and having brought them under that supervision and control this legislation should have been universal and enforced in respect of all deposit-taking institutions. Because this has not been done I want to make it clear that I am not ready to be a party to the further abdication of the authority of this parliament. Because many of the clauses of this bill can be so interpreted, they will be passed so far as I am concerned on division.

Mr. Lambert: In this clause I believe we come up against the essence of the whole problem, and I fully subscribe to the views advanced by my colleague, the hon. member for Carleton, regarding the abdication of authority. Surely that suggestion has been supported by the minister as a result of his statement of a few minutes ago when he said it was all right for the government to recognize what are deposits in relation to federal institutions but it would be improper or impossible for the government to do so in relation to those institutions such as near banks operating under provincial charters of incorporation. That is the only right of supervision that should be granted to provincial authority in this field, the right of issuing a charter of incorporation.

The constitution makes it quite clear that the parliament of Canada has the exclusive right to deal with currency, interest and other financial matters. Let me refer to the precise terms of this exclusive right. In section 91 of the B.N.A. Act the following are listed: subsection 14, currency and coinage; subsection 15, banking, incorporation of banks, and the issue of paper money; subsection 16, savings banks; subsection 18, bills of exchange and promissory notes; subsection 19, interest, and subsection 20, legal tender. What more could you require in this regard?

I find it incredible at this time that because of some unknown fear the federal government does not want to assume its exclusive right in the field of deposit insurance. Let me refer the minister to the representations of my colleague, the hon. member for Kamloops, at the committee hearings. Apparently there is a fear that because some isolated near bank might challenge the legislation such a challenge would ipso facto make this legislation suspect and non-operative. That proposition seems to be implicit in the minister's remarks. Quite contrary to the truth of the matter, there seems to be a feeling that if the parliament of Canada passed this bill and some corporation should challenge it it would not remain in effect. That is not so. It would remain in full effect until a judgment had been delivered ruling it ultra vires.

I want to know why we should allow the provinces to enter this field. I recognize the rights of provinces in their own spheres of jurisdiction, but this is one field which the constitution places exclusively within federal jurisdiction. Why should we now in respect of deposit insurance give the provinces the right to determine banking practice? The minister has said that the exact nature of deposits shall be determined by the interpretation of the provinces. Let me refer to the words of the minister as they appear at page 8 of the transcript of proceedings. He said that the Ontario minister, Mr. Rowntree, in his speech introducing the provincial legislation, had said that he was going to require all Ontario companies to join the federal scheme once it is in effect because he believes this problem can be handled more efficiently on a national than on a provinccial basis. I agree wholeheartedly with Mr. Rowntree in that respect.

What about the conflict in determining what is a deposit? What will happen to rights which may accrue to individuals during the interval between the provincial legislation and the federal scheme if a province determines a certain obligation in respect of a near bank and that determination is challenged by some of the holders? Where do we stand from

a federal point of view? Individuals and institutions are entitled to certainty. Some provincial governments may pass concurrent stopgap legislation. Why is it that the federal government will not recognize its responsibility in this regard?

If the minister is prepared to recommend to the Governor in Council that deposit obligations shall be covered for a period up to five years by deposit insurance, why does he not say so in the bill? The minister is making a decision by his statements to the house. Why does he not say so in the bill so that parliament will know what this corporation is going to do?

I may sound overly critical but I am concerned about the efficacy of this legislation. I am also concerned about the people who must be protected against delusion by the use of the phrase "guaranteed investment certificate" because the word "guarantee" only has a meaning in respect of an interest rate, not as to liquidity. If only these people knew that they could get just as good or better returns by going to reputable solicitors and placing their money in mortgages or by buying government of Canada securities they might not need so much protection, but we have to deal with all kinds of people. I suppose we must protect the most foolish of depositors.

Why, in legislation in respect of which we presumably have the initiative, are we unable to determine what is a deposit? After all, this bill is known as the Canada Deposit Insurance Corporation Act. Perhaps I should paraphrase that and call it the Canada "we do not know" Insurance Act, because the government refuses to tell us what it means by a deposit. I fully agree with my colleague, the hon. member for Carleton, on this point. I am not going to labour the question of "provincial institution" under subclause (j). I shall have to reserve judgment on this matter, and the clause at best will have to pass, on division.

• (3:50 p.m.)

Mr. Sharp: Mr. Chairman, I should just like to repeat what I said before, that there will be no uncertainty about the application of this legislation when the bylaws are issued. Full publicity will be given to the extent of the guarantee both to the institutions themselves and to the public. I can understand the comments of the hon. gentlemen who would like us now, before we have examined all these instruments, to define precisely what is a deposit. I regret that I am not in a position to do so, nor are my officials. They have a fairly good idea of what should be included but they are very reluctant at this stage, before having examined the kind of instruments being issued by provincial institutions, to be too precise. I hope they will be able to do so shortly. They have been examining some of these instruments but have not completed their work.

May I comment upon another point. It is being assumed by the hon. member for Carleton and the hon. member for Edmonton West that one could define the business of banking as the business of taking deposits, but in fact, as we have seen from this discussion, what constitutes a deposit is subject to some uncertainty. I should like to draw attention to the Ontario act which was approved the other day, an act to establish the Ontario Deposit Insurance Corporation. That act says:

> For the purposes of this act, a deposit shall be,
>
> (a) moneys deposited with a member institution in respect of which such institution is liable to the depositors;
>
> (b) moneys received under section 82 of the Loan and Trust Corporations Act by a trust company that is a member institution; and
>
> (c) debentures or like obligations issued by a loan corporation that is a member institution.

Then it goes on to say:

> Each deposit with a member institution is insured by the corporation except,
>
> (a) a deposit that is not payable in Canada or in Canadian currency;
>
> (b) so much of any one deposit, including interest thereon, as exceeds $20,000; and
>
> (c) so much of a deposit as is insured under the Canada Deposit Insurance Corporation Act.

That is the bill now before us. The fact that there can be a difference in the definition of "deposit" is an indication that if one were to use the taking of deposits as a test of banking there would still be great uncertainty whether particular institutions were actually engaged in accepting deposits or whether they were engaged in issuing securities. So I suggest to my hon. friends opposite that even accepting their argument, which may be right and may be accepted eventually by the courts, that the taking of deposits is of the essence of the banking business, one still would not define precisely how far federal jurisdiction extended.

Mr. Lambert: To come back to this argument, Mr. Chairman, of course no definition of banking is limited to the acceptance of deposits, and no one has suggested that. The minister has bolstered the case of the opposition in this regard by quoting from the Ontario act, because as a lawyer I can go down

the list and determine precisely what deposits are covered by the Ontario act. As a matter of fact, the last paragraph which the minister cited from that act is an anticipation by the government of Ontario that we are going to be weak-kneed or limited in this respect, and they have covered their people by saying: We will cover deposits in so far as they are not already covered by the federal act. This is perhaps anticipating a more limited coverage by the federal legislation.

A fair interpretation of that section clearly indicates what deposits are covered and what deposits are not covered. I am sure that any person contemplating investing money, making a deposit or buying securities in a near bank could go to his solicitor now and say, "am I covered or am I not covered, and the solicitor could answer with a reasonable degree of certainty, But why is there this abdication in the bill before us? I do not know why the minister feels that his officials at some indeterminate date in the future—I say "his officials" because the Superintendent of Insurance, the Inspector General of Banks and other people are to be part of the board of the deposit insurance corporation—will be able to determine this question better than parliament. Why is that? Is it that the government is afraid that parliament cannot face up to its responsibilities? I must confess that this seems to be the pattern of legislation which is presented to us. I do not know whether the minister's previous training in public affairs has conditioned his thinking in this regard and he is prepared to accept this philosophy, but as a member of the House of Commons I find it a rather repugnant principle that we always pass these questions to officials to determine. In this instance we will be leaving it to the officials to determine what shall and what shall not be the application of this legislation. When one looks at the title of the bill one sees it contains the word "deposit"; yet the minister cannot tell us what is a deposit. In other words, Mr. Chairman, frankly this is an exercise in frustration because we do not know what we are trying to do this afternoon.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to mention first of all that contrary to the announcement made at noon, we have not received, at least myself, a copy of the report of the committee on finance, trade and economic affairs concerning Bill No. C-261, an act to establish the Canada Deposit Insurance Corporation. The committee chairman, the hon. member for Essex West (Mr. Gray), I believe, announced that the committee report had been tabled, but every attempt on my part to secure a copy has been unsuccessful. I think a few members of the house have received copies, and copies are available for only one or two and not for everyone, especially those who sat on the committee on finance, trade and economic affairs. If no copies are available for those interested in dealing with this problem, I wonder why the committee chairman bothers to announce the tabling of a copy of the report? I see he is about to rise. Would he have a copy for me? I am not sure if that is his intention, but we are now discussing this matter without a copy of the report of the committee of finance, trade and economic affairs. Could the chairman give us some information on this subject? Afterwards, I shall proceed with my remarks on clause 2 of Bill No. 261.

• (4:00 p.m.)

Mr. Gray: Mr. Chairman, I must tell our colleague from the province of Quebec that the committee report was tabled on Friday, February 10, as reported in No. 205 of *Votes and Proceedings*. I would ask our colleague to kindly consult the *Votes and Proceedings* and acquaint himself with the official report of the committee.

This afternoon, I tabled in the house the official report of the proceedings which were held on this bill. True, there are not enough copies for all members of the house. The reason for this, as everyone knows, is that the transcript of the proceedings is not immediately available upon the adjournment of the committee. It is unfortunate, but this is not within the purview of the committee. We might ask those who handle the business of the house to change the system. But I made a particular effort to secure a few copies of these proceedings recorded on tape for the minister and the spokesmen of the political parties in the house. There are surely four or five photostats available for the minister and the spokesmen of the various parties.

The hon. member for Lapointe (Mr. Grégoire) is in the same position as the other members of the house who have not had the complete report of the proceedings either. If the hon. member feels this will hamper his consideration of the bill at this time, I shall be very happy to show him the photostat I have, as chairman of the committee on finance, trade and economic affairs.

Mr. Grégoire: Mr. Chairman, I was not referring to the report tabled last Friday, February 10. I clearly repeated when speaking of the report, what the chairman of the committee said himself, namely official evidence.

Now then, four or five hon. members received a copy, while the others did not.

Mr. Chairman, you will tell me that copies are distributed to official representatives of a group. But we, the three independent members, have received nothing. Even though we do not form a group, I can see no reason why all hon. members should not be treated equally. When one hon. member receives a transcript of official evidence heard before the committee, enabling him to examine the bill in the light of this evidence while another member cannot do so, then I submit that the 260 members of parliament who did not receive a copy—with the exception of the five hon. members and the chairman of the committee —should voice their protest.

I see some hon. members looking on, who did not receive a transcript of the official evidence. What are you doing there? Are you here solely for the purposes of the 20-member quorum? Should you not be here to consider the legislation before us? If that is the case, we should all have copies. There should be no question of distributing them to official representatives of each party only. Only one transcript per party is not enough, far from it; all hon. members have a right to the same privileges, whether they sit on the government side of the house, with the opposition, or with another minority party. Either we all have the same privileges, or else we no longer have a democracy; it becomes a plutocracy, and the administration of a country lies in the hands of a few persons who are not elected and who surely do not have more rights than other members.

I say, that when the chairman of the committee on finance, trade and economic affairs rises to table the report of the evidence given before that committee in connection with Bill No. C-261, every member of the house should have a copy of it, in French and in English, even before we start studying the bill. How do you want us to study a bill seriously when we are not even given a copy of the official evidence heard before the committee?

Mr. Chairman, I would go so far as to say that an attempt is now being made to make us pass this bill rapidly, because the Ontario legislature has introduced a bill on deposit insurance. The federal government prepared its own in a rush and brings it before the committee so as to push its passage. As the hon. member for Edmonton West (Mr. Lambert) said a while ago, this is a bill to establish the Canada Deposit Insurance Corporation, but it does not even define a deposit. Therefore, let us call it instead an act to establish an Insurance Corporation, to be defined later on by Canadian officials. That appellation would be more fitting, because though the bill proposes to set up a Deposit Insurance Corporation, it does not define a deposit. I shall therefore support the hon. member for Edmonton West when he moves that the title be modified to read: An act to establish the Canada "X" Insurance Corporation. It will make more sense than "Deposit Insurance Corporation", since it does not even define a deposit.

And we are asked to pass this bill on the double, before anyone else takes the same initiative or attempts to move into this sphere of jurisdiction.

Mr. Chairman, I have here a special coverage of the conference given by the president of the Québec Prêt et Revenu group. This group consists of four companies whose assets total $140 million—these are not small and insignificant companies. Now, Mr. Jean Paul Tardif, president of Prêt et Revenu, made the following statement, as reported on page 20 of the Saturday edition of *La Presse* of February 11, 1967:

> According to the president of Prêt et Revenu, the bill as it now reads will cause provincially chartered financial institutions to come under federal jurisdiction.

He asks that the provinces be consulted before Ottawa passes the Canada Deposit Insurance Corporation Act.

Has the minister consulted the provinces? No. Federal-provincial meetings have been requested in this connection, but to no avail. And the president of Prêt et Revenu, who is well known in Quebec—I see before me my friend the hon. member for Quebec-Montmorency (Mr. Laflamme) who must be very familiar with this group and who must know its president very well. Mr. Jean Paul Tardif added:

> The province of Quebec must absolutely obtain the convening of a federal-provincial conference on deposit insurance before the bill introduced last week by the federal Minister of Finance is passed, because Mr. Mitchell Sharp's bill as drafted means, in practice, that provincially chartered financial institutions would be transferred to the jurisdiction of a federal authority.

And the article goes on:

> Such is the theory advanced yesterday—

That is on February 10.

—before the study committee on financial institutions, by the president of the Prêt et Revenu group of companies, Mr. Jean-Paul Tardif. Mr. Tardif, together with officials of the four companies in the Prêt et Revenu group, presented a brief to the Parizeau committee which carries on its public hearings at Quebec.

And further:

The bill introduced in parliament by Mr. Sharp provides that a provincially chartered company must secure beforehand the authorization of its own province to be able to participate in the federal deposit insurance plan. But, Mr. Tardif pointed out, when such authorization has been granted, the provincially chartered company will have to comply with the federal requirements of the federal deposit insurance corporation.

Mr. Chrétien: Mr. Chairman, would the hon. member for Lapointe allow a question?

Mr. Grégoire: Yes.

Mr. Chrétien: Has the hon. member for Lapointe read clause 16 (a) which provides that no provincial institution can become a member of this corporation without the prior consent of the province concerned?

• (4:10 p.m.)

Therefore, no provincial institution is forced to participate in the present plan without having secured beforehand the approval of the provincial authorities. The hon. member would not be saying any of this now had he read the bill in full.

Mr. Grégoire: Mr. Chairman, that is exactly what I just said. I will repeat the last paragraph I just read and the Parliamentary Secretary to the Minister of Finance (Mr. Chrétien) will realize that I said it just before he took the floor. Was he listening? I will therefore repeat the last paragraph I read:

The bill introduced in parliament by Mr. Sharp provides that a provincially chartered company must secure beforehand the authorization of its own province to be able to participate in the federal deposit insurance plan.

I just said that and the Parliamentary Secretary wants to know if I read the bill. I would rather ask him if he had been listening before he asked his question, because I think he was not listening at all.

But, Mr. Tardif pointed out—

That is the important part and as I said, the parliamentary secretary was not listening and chose to ask a question about something he had not even heard.

But, Mr. Tardif pointed out, when such authorization has been granted, the provincially chartered company will have to comply with the federal regulations and the requirements of the federal Deposit Insurance Corporation.

[Mr. Grégoire.]

I read the whole paragraph earlier. As pointed out by the president of the companies Prêt et Revenu, it really means that under the terms of this bill the provincially chartered financial institutions will fall under the jurisdiction of the federal government.

Mr. Chrétien: Only if the provincial government agrees.

Mr. Grégoire: That is why we ask whether the provinces were consulted beforehand, whether there was a federal-provincial meeting on that subject. But no. They want us to pass a legislation in haste; they want to rush everything. In fact, they do not even want to take the time to consider what is taking place in that case.

I heard a moment ago the member for Carleton (Mr. Bell) say that the major business of banks was accepting deposits. I think that the member for Carleton does not know much about banking operations because, as the Minister of Finance stated the other day before the committee on finance, trade and economic affairs, the main and major business of banks is to create money. The minister himself stated in committee that banks were creating money. He cannot deny that, because it is entered in the proceedings of the committee and it was recorded on magnetic tape.

The minister stated that chartered banks created money. This is the major operation of banks rather than accepting deposits, because other institutions, such as trust companies and credit unions—which are not included among banking institutions—accept deposits but do not create money. This is the main difference between banks and near-banks. The former have the right to create money, whereas the latter have not, but both have the right to accept deposits.

The hon. member for Carleton added—as well as the hon. member for Edmonton West, I think—that he was surprised that all deposit accepting institutions did not come under federal jurisdiction.

But, Mr. Chairman, the right or the privilege to accept deposits is not provided for in the B.N.A. Act quoted earlier by the hon. member for Edmonton West. Section 91 does not deal with currency or with the minting of coins. This is not part of banking, of the bank charter, of the issuance of bank notes, nor of the savings banks, nor of the letters of exchange to order nor of the interest on money.

There are institutions that accept deposits such as, for instance, dealers who tell their customers: If you want to buy a fur coat for your wife next year, start depositing now and when you have paid 50 per cent of the price of the coat, it will be delivered and this is not banking. The difference between banks and near-banks, is that the banks are allowed to create money.

Nothing in section 91 of the British North America Act prevents the provincial governments from giving out charters to financial institutions which would be authorized to accept deposits and make loans. But, such financial institutions would not be empowered to create money.

It would have been much more beneficial to the Canadian people if the hon. members for Edmonton West and Carleton had given vent to their indignation with regard to the intention of the government to leave in the hands of chartered banks the exclusive privilege of creating credit and money in Canada, since the government could have a state bank in order to finance public works.

At a sitting of the committee, the Minister of Finance was telling us that a system of debts was a very good thing indeed, and that we had to stick to such a system. This is accepted by the Minister of Finance. When I asked him if a system whereby debt free money would be created would not be preferable to a system whereby money is created through a debtor system, he replied: "I see nothing wrong with a debtor system". But each year, however, he presents us with a budget providing for interest payments totalling $1,250,000 million. That is all very well, that is acceptable; let us tax the Canadian people, they do not mind. Let us increase taxes—

Mr. Laflamme: On a point of order, Mr. Chairman.

The Deputy Chairman: Order. The hon. member for Quebec-Montmorency is rising on a point of order.

Mr. Grégoire: —sales taxes—

Mr. Laflamme: Mr. Chairman, it is not my intention to interrupt the hon. member for Lapointe who will undoubtedly have the opportunity, when the house resumes consideration of the Bank Act, to resume his present speech, but I respectfully submit that we should not have to listen once again to the Creditist philosophy this afternoon; it will once more be set forth when the house resumes consideration of the Bank Act, and it was explained to the committee for several months.

We are presently considering Bill No. C-261, namely the deposit insurance bill, and I cannot see why, at this stage, any member should be allowed to discuss the complete banking system and the details of transactions between banks.

I do not wish to interrupt the hon. member, but I feel we should be considering the bill before us and the hon. member should wait until we resume consideration of the Bank Act to make his speech.

Mr. Grégoire: Mr. Chairman, I wish to thank my colleague the hon. member for Quebec-Montmorency for his comments. I feel that, at any other moment, he would be right and the arguments he put forward to support his point of order would be perfectly justified.

Now, something different is occurring today. This is the first time we have been asked to study a bill without being told what it is about. We are told that a Canada Deposit Insurance Corporation will be set up, but a deposit is not defined. This doubtless leaves us much more scope, seeing what we are considering is not clearly defined, namely deposit insurance. What is a deposit? Section 2, (e) defines it thus:

—"deposit" means a deposit as defined by the by-laws of the Corporation;

Now, should the corporation which will govern this deposit insurance act define a deposit as the result of created credit, which is possible, for a deposit can stem from credit —if a chartered bank grants new credit, supposing I deposit it, my deposit is the product of credit—then, I claim I have the right to discuss the creation of credit. If the regulations of the corporation in fact do define a deposit as the result of the creation of credit, and I should discuss, today, the creation of credit and its products, I feel that I am in order and would say that in any other circumstances, my colleague would be right.

Mr. Laflamme: Mr. Chairman, I know of no ruling by virtue of which a member may do indirectly what he may not do directly. I rose on a point of order and maintain that the hon. member if out of order when he attempts to speak of the creation of money and credit; these matters fall within the scope of the Bank Act which will be studied later. His remarks have nothing to do with the section of the bill now under study.

Mr. Grégoire: Mr. Chairman, I will say to my hon. friend that I do not propose to discuss that point any further. However, when we resume consideration of the Bank Act, we shall have every opportunity to do so. Mr. Chairman, you have noticed, no doubt, that I was recalling some remarks made by the hon. member for Carleton and the hon. member for Edmonton West. Besides, I was using them to show the Minister of Finance that, at the present time—I think that the hon. member for Quebec-Montmorency should realize it also—and as was said earlier by the hon. member for Edmonton West, the government asks us to consider a bill that it cannot explain. We want to establish the Canada Deposit Insurance Corporation, but when the time comes to give a definition of what is a deposit, we are told:

• (4:20 p.m.)

"deposit" means a deposit as defined by the by-laws of the Corporation.

Then, the word "deposit" will be defined later on. That is why I wanted also to take this opportunity to mention to my hon. friend, the hon. member for Quebec-Montmorency, that actually this legislation encourages a discussion in indefinite terms.

But in any event, Mr. Chairman, I should like to return to the main point of my interjection and say that the provinces should have been consulted. In this connection, I should like to quote Mr. Jean-Paul Tardif, president of the Corporation de Prêt et Revenu of the province of Quebec:

—the provinces must be consulted before the Deposit Insurance Act is passed by Ottawa.

Mr. Chairman, I believe the Minister of Finance should suspend the examination of this bill and convene a federal-provincial conference, so as to have the views of the provinces. There is nothing urgent as far as the passing of this bill is concerned, except that the minister would like to get on with it before the Ontario government passes its own measures. On the other hand, should the Ontario government wish to co-operate, it might be willing to wait and have its own bill go through only after such a federal-provincial consultation.

Besides, the minister is aware of the reaction of the Quebec government upon the announcement of the institution of such a Deposit Insurance Corporation, since that government declared it would create its own Deposit Insurance Corporation.

[Mr. Laflamme.]

Again, the federal government, through its Minister of Finance wants to proceed alone in a joint jurisdiction, without taking into account the opinions and suggestions of the provinces. Now, in view of this stubbornness of the federal government to legislate without consulting with those who may be involved, I strongly urge the Quebec government to organize and create its own deposit insurance corporation and to refuse provincially chartered companies—as mentioned in Bill No. C-261—the authorization to have their customers' deposits insured through the federal corporation.

I may say that in view in this stubbornness of the federal government, I shall urge the Quebec government to create its own corporation and to stand in the way of such constant infringements by the federal government, be it in social security, indirect taxation, or in the field that concerns us all at the moment.

Mr. Lambert: Mr. Chairman, would the hon. member allow a question?

Mr. Grégoire: Certainly, Mr. Chairman.

Mr. Lambert: Since the hon. member is saying that the government of the province of Quebec has the right to set up its own deposit insurance corporation, could he tell me how the jurisdiction of the said corporation on the deposits of the institutions holding a Quebec charter and operating outside the province would be determined? Could that corporation insure the deposits of trust companies such as the Montreal Trust or the Royal Trust operating in Alberta or British Columbia? Could he also tell me what difficulties would arise from a disparity in the regulations of the province of Quebec and those of the other provinces since one must admit that if the province of Quebec states that it has the right to do this, that right still does not exceed that of the other provinces in that field? Would any province have the same right?

Could he explain how he could avoid the difficulties which might result from that?

Mr. Grégoire: Of course, Mr. Chairman, the state of Quebec has the right to establish such a Deposit Insurance Corporation since Ontario saw fit to introduce a piece of legislation to that effect. If Ontario has that right, the state of Quebec undoubtedly has it too. Quebec has the right to establish such a Deposit Insurance Corporation.

In reply to the question asked by my hon. friend, the hon. member for Edmonton West, I point out that some corporations and financial institutions are federally incorporated. In such cases, of course, the federal government may require that deposits made in federally incorporated financial institutions, such as chartered banks with their head office in Quebec, be insured by the Canada Deposit Insurance Corporation. That is normal.

In the case of provincially incorporated financial institutions operating in Quebec, they may be insured by the Deposit Insurance Corporation which will be established by the state of Quebec. If these financial institutions operate outside Quebec, nothing will then prevent the provincial government from authorizing the provincially incorporated financial institutions from Quebec to insure deposits from other provinces through the federal Deposit Insurance Corporation. Just as is done in the case of foreign countries, provincial institutions accepting deposits from corporations in other provinces could do the same thing. Those are normal financial operations for institutions dealing in one or many provinces or in many countries. This will not disturb the financial operations of provincially incorporated institutions dealing with other provinces in Canada or with other countries.

[*English*]

Mr. Sharp: Mr. Chairman, I do not want to get into another discussion with the hon. member for Lapointe about the intricacies of Social Credit theory. We had our preliminary go during the committee meetings and I expect that when the Bank Act revisions come before the house we shall repeat the performance. However, so as not to anticipate the pleasure that the rest of the house will have in this dissertation and my reply, may I simply make one or two points.

First of all, I should like to assure the hon. member for Lapointe that it is not only pressure from Ontario that is persuading us to move immediately to ask the house to approve the Canada Deposit Insurance Corporation. I have had requests from all provinces except the province of Quebec to move quickly. They believe that this is a major step forward in improving the safety of deposits in Canada and improving the standards of financial supervision.

Second, it is, of course, important now that the province of Ontario has moved that federal institutions should not be at a disadvantage in attracting deposits. There are some smaller federal institutions in addition to the great chartered banks that would like to have the same assurance given to their depositers that is now enjoyed by Ontario institutions. I think that is an additional reason for proceeding quickly. But even if it were not so, Mr. Chairman, I would recommend to the house, apart altogether from any action that Ontario might have taken, quick action on this bill. I suggest to the hon. member for Lapointe that this legislation is very much in the interests of all Canada, including the province of Quebec.

Mr. Ballard: Mr. Chairman, I believe that the once very clearcut definition of the responsibilities of the federal government and the provincial governments in the British North America Act has with the passage of years become very unclear. I suggest to the minister it is legislation such as this that has contributed to the muddying of the clear-cut definition. I agree with the hon. member for Carleton and the hon. member for Edmonton West that banking is strictly a federal responsibility. I believe it has been the lack of responsibility on the part of the minister and his predecessors in taking a stand in matters involving provincial and federal jurisdiction which has caused the definition to become clouded over the years.

In my view the reason given by the minister for not defining a deposit, namely, that he was reluctant to do so, is certainly not acceptable to hon. members. We are asked to give carte blanche approval to a bill 15 pages long which deals with nothing but deposits. If we in this house, cannot define deposits, how are we to express intelligently an opinion on a bill which deals with deposits? It seems to be a futile exercise.

• (4:30 p.m.)

I suggest to the minister that unless we are given a clearcut, precise definition of the word "deposit" before proceeding further with the bill, the minister is abrogating his responsibility. The minister has said that he is reluctant to define deposits, so what does he suggest? He suggests that the corporation will at some time in the future define the word "deposit". But what is the corporation? The corporation consists of some senior civil servants. The corporation is made up of the chairman, the governor of the Bank of Canada, who is not a civil servant, the deputy minister of finance, the Superintendent of Insurance and the Inspector General of Banks. If these senior civil servants can at some future time

define what "deposit" means, surely the minister could approach them now and have them define the term. The minister, in turn, could inform the house. We do not know now what we are talking about. It is the responsibility of the minister to attempt to define deposits.

We cannot buy the minister's argument. The Ontario government did not lack courage. In its legislation it came out flatly and defined deposits. The Ontario government knew where it was going and took the responsibility of defining deposits in its deposit insurance act. The minister has the responsibility to do the same thing.

How will the minister define deposits finally? Will he hold a series of provincial conferences to ask provincial ministers of finance how deposits should be defined? If the minister intends doing that he will probably end with ten different definitions of deposits. To cover the wishes of the provinces—I am sure the minister would like to do that; he wants to be popular with the provinces—he will have to accept the weakest definition so that universal coverage may be extended throughout Canada. That is not good enough. The minister should take the responsibility of defining a deposit. The provincial governments should fall in line. Any provincial government not falling in line would have to contest the legislation before the Supreme Court of Canada. We would then have a clear ruling whether the federal government is empowered to direct banks and banking in Canada as defined by the B.N.A. Act.

To leave the responsibility for this definition to a group of civil servants is not good enough. It is an extreme example of the worst type of government by bureaucracy. We as a parliament are being asked to set up regulations to control something and we do not know what we will control. That is not clearly put but neither is the bill. For 15 pages the bill refers to deposits but does not define what a deposit is. As the hon. member for Edmonton West suggested, we might as well call this measure the "general X insurance corporation" bill, for all that we know about the matter. We cannot buy the minister's argument that he cannot define deposits because he is reluctant to do so. That is a poor argument. The minister ought to take the bill back to the committee and bring it back later with a clear definition of deposits in it.

Mr. Sharp: Mr. Chairman, the only definition we could put in the bill that would help the hon. members concerned about the lack of a definition would be one that limited the term "deposits". This is the principal reason that we have been reluctant to place a definition in the bill. We believed it would be wiser and more in accord with the intent of parliament if we could make a careful examination of the kinds of instruments being issued by provincial companies—there is no difficulty with respect to federal companies—before finally laying down the lines.

Once the bill is passed with a limited definition in it parliament has acted and we would have to bring the act back at a later time when there was a further opportunity to consider a redefinition. It is most desirable, we believe, to make the definition as broad as possible, consistent with one principle. We do not believe that we should insure securities. We should insure deposits. In committee I indicated what we had in mind and I have no hesitation in repeating that here.

Mr. Lambert: That does not mean anything.

Mr. Sharp: It is an indication of the kind of thinking we are doing now and the kind of discussions we shall be having with the provinces. May I also add this word. If any province wants to define instruments which we are not insuring that it wants to include in its insurance plan, that is perfectly valid and proper. We have to decide what constitutes deposits and the criterion we have in mind is that they are deposits and not securities that are traded. If a province wants to insure securities traded, that is perfectly proper. They can do that. Indeed, it is implicit in the Ontario act that if our definition of deposits does not accord with theirs they will nevertheless insure those obligations that we do not insure. That is quite within the competence of the provincial legislature.

We have in mind, first, moneys received by a member institution that are repayable on demand; second, repayable on notice, the notice not to exceed five years; third, repayable on a fixed date not more than five years after the date the money is received. We propose in addition that if moneys are received in exchange for the issuance of a receipt or other instrument, as contrasted with merely an entry in a running account, those moneys would not constitute part of a deposit unless the instrument was called a deposit on its face. We would also exclude instruments made payable to bearer or instruments designed to be readily negotiable. Thus, for the future we would include demand deposits and term

deposits up to five years but to avoid confusion we would not include anything not specifically called a deposit on its face.

This might mean that the term "debenture" or "guaranteed investment certificate" would virtually disappear in respect of maturities of five years or less. Instead, such instruments might be called "deposit receipts" or some such term. However, if a company wanted to continue to issue debentures for periods of five years and under it could do so but the instrument would not be insured. If a company wanted to use the term "deposit" in respect of an instrument with a maturity over five years and not callable earlier, the instrument would have to be stamped "not insured".

For the transitional period we would propose that all obligations on a member institution's books at the date the act comes into force, in respect of moneys received prior to that date, would be insured no matter what they are called if they are, first, repayable on demand, second, repayable on notice of not more than five years, third, repayable on a fixed date not more than five years after the act comes into force. This would mean that some instruments called debentures and some called guaranteed investment certificates, issued prior to the date of the act, would be insured, but this would be justified on the ground that prior to that date there was no reason to use one name rather than another. For the transitional period, it would do no harm to extend the insurance a bit wider than people might expect.

That may illustrate the reason for our reluctance at this stage to define too precisely what a deposit is. Otherwise we would not have the flexibility it is so desirable to have in dealing with instruments that would normally be insured. If we define the instruments now in some limited way we may find we have interfered with some very desirable kind of deposit taking activity that we would wish to insure.

• (4:40 p.m.)

Mr. Ballard: The minister has given a good definition of what he expects deposits will mean. I would hope the definition he has just given would be a minimum standard for deposits. We would be satisfied if this definition were included in the bill with a provision for further extension of it. What I am saying is that we should have some starting point for a definition of deposits before we consider the rest of the bill.

Mr. Sharp: Mr. Chairman, I think the hon. member's remarks illustrate the point precisely. No sooner would we start with a definition than there would be somebody who felt they were left out. I believe it is very much in the interests of the success of this legislation that I should define generally what is the intention, for which later I and the government can be called to account, and then to leave the precise definition to the governor in council in the form of approval of the bylaws of the corporation. I should point out to the hon. member, who may have missed the point, that the corporation is not going to be free to define the nature of the deposits that are insured. The bylaws will have to be approved by the governor in council.

Mr. More: If I understand the minister correctly, there is no question as to what instruments will be insured so far as federally incorporated companies are concerned. Am I right in that?

Mr. Sharp: Generally speaking we know a good deal more about the kind of instruments they are issuing than we know about provincially incorporated companies.

Mr. More: Do I take it from the minister's answer that some instruments issued by federally incorporated companies may not come under the provisions of the bill, that there is some question whether they will be insured?

Mr. Sharp: If, after discussions with the provincial governments, we come to the conclusion that it would be desirable to include a particular form of deposit or a particular form of certificate, we would want to be free to extend the same treatment to federal institutions. We have a general idea what instruments issued by federal corporations we would insure, but until we have had an opportunity of discussing the matter with provincial governments and provincial institutions we cannot be precisely sure how far we want to go with the federal institutions. It is desirable that the coverage should be the same across the country in all provinces.

I wish to contradict what was said by a previous speaker, that there is going to be a different set of rules in each province. The exact, same set of rules will apply everywhere. We should have the same rules for federal institutions as for provincial institutions.

Mr. More: Earlier in answer to the hon. member for Broadview the minister spoke of

the need for maintaining some flexibility and he mentioned the provinces of Ontario and Quebec. Subsequently he indicated that he was being pushed by nine provinces but not by the province of Quebec. Would he indicate to the committee when Quebec expressed its views and what consultations he had in which that province said it wanted some flexibility, which would indicate some interest on its part in this legislation? There seems to be a contradiction in what the minister said. Has Quebec expressed the desire that its provincially incorporated companies should come under this bill?

Mr. Sharp: Mr. Chairman, the discussions that have been held have been at the official level with all provinces. We have had a chance to have our officials visit the provincial capitals and, as I said previously, in nine of the provinces there is a very strong interest in having the federal legislation proceed immediately because they all wish their provincially incorporated companies to take advantage of it.

At present in the province of Quebec an investigation into financial institutions is proceeding. When we originally brought forward the proposal for federal deposit insurance I said in the house that we would not proceed immediately with the legislation but would welcome the views of the provinces on it. However, because of the great pressure that began to be put on us by various provinces and because of the pressure in the house to proceed with the legislation, I decided the best thing to do would be to proceed with it.

The province of Quebec has not yet had an opportunity of deciding what its position will be. It may be that that province, like Ontario, will want to have its own legislation relating to its own institutions. So far as I know that is certainly well within the jurisdiction of the province of Quebec, as it is within the jurisdiction of Ontario or any other province.

The exchange of correspondence that took place between the premier of Quebec and the Prime Minister of Canada is not directly but only partly related to this subject. The conference that has been proposed by Quebec is to apply to the whole range of financial institutions. It is to involve discussions about deposit taking institutions, finance companies, acceptance companies and so on. I even think it will extend into the field of securities legislation. We welcome that. We believe such a conference on a comprehensive basis would be a step forward because all of us have

[Mr. More.]

reason to be concerned about recent developments in Canada, and governments as a whole ought to co-operate.

There is only one point which the province of Quebec made about this legislation. They hoped that this house would support clause 16, under which the permission of a provincial government is required before an institution can take advantage of the bill. I am referring to clause 16(a) which reads:

(a) the provincial institution is authorized by the province of its incorporation to apply for deposit insurance;

The province of Quebec said they hoped that this house would approve the bill with that provision in it because they would like to talk with us about the extent of the application.

Mr. More: The minister's answer indicated that perhaps universal coverage will be the largest common denominator of the views of each provincial government. I ask the minister whether on this basis the coverage he wants for federal institutions would be secure. It might be conceivable that the largest common denominator with respect to deposit proposals would be objected to by some of the provinces and therefore the coverage provided by the bill would not be as extensive as desired.

Further, I believe the minister told the standing committee that the insurance would come into effect for provincial and federal companies at the same time. He said it was desirable that this be so but that if provincial companies came into the scheme with the consent of their provinces before an examination had been made of their deposits, any losses that arose in such instances would not be a charge upon the deposit insurance corporation. The minister said all instruments would be covered during the transition period but subsequently some might not be because after examination they might not prove to be the type of instrument that this bill is designed to cover, even though during the transition period they came within the orbit suggested by the minister.

• (4:50 p.m.)

The minister speaks also of the prodding which caused him to speed up the examination of this bill by the committee and by parliament. What concerns me is that by this prodding which came about because of recent events—in my interpretation the collapse of Prudential Finance—the public may be misled to believe that this bill will in effect

insure those instruments which Prudential issued and in respect of which they now find they cannot recover. I think this should be clarified. The flexibility of which the minister speaks in not defining deposits is not a flexibility which will in effect cover instruments such as those used by Prudential Finance in its operations. During the transitional period when the instruments that will be insured are being determined, will the provincial companies which will be involved in the inspection be required before inspection to stamp on instruments a clear indication to their customers that the instruments they are purchasing are in fact covered by this bill?

Mr. Sharp: Mr. Chairman, there seems to be some slight confusion in the mind of my hon. friend about this matter, but that may be understandable in view of the complexity of the problem. Before institutions are brought under the terms of the act there will be a clear definition of which deposits are and which are not insured. We will not bring the act into force until the governor in council approves the bylaws of the corporation. So there is no question about the range of instruments which would be insured. The purpose of inviting the provinces to bring their institutions under the deposit insurance provisions quickly at the same time as the federal institutions are brought under them is to give the provinces which wish to do so an opportunity to provide this insurance to depositors and to institute as quickly as possible at least the beginnings of the process of inspection. We will not discriminate among instruments on deposit when considering coverage. What we will be examining is whether the institutions as such are worthy of being covered by insurance. In other words, we will be looking into the financial management and the financial stability of the institutions themselves.

If it is found that an institution is not measuring up to the standards laid down by the corporation, then it will be given notice that it no longer will be covered. That will be the sanction. However, the kind of instrument which will be insured during the period of the insurance will be quite clearly defined in advance.

Mr. More: Did I understand the minister to say that if the instruments should be defined before the companies have been inspected they would not be the responsibility of the fund set up under the provisions of the act? It has been indicated to the public that if they apply even before the inspection they are insured. As I understood the minister there are no resources to which they can apply before they have been stamped "approved" after inspection. Therefore, will we have to wait until each provincial legislature has taken action and guaranteed these instruments during the transitional period before these companies can come under the scheme? Is this the position?

Mr. Sharp: The position is that if a province wishes its corporations to be covered before the federal corporation has an opportunity to inspect them, the province may ask that this be done. In this case the corporation will make an arrangement with the province concerning indemnification in the event of any losses in respect of an institution which is covered before there has been an opportunity to inspect it. During that period there will be no question raised concerning the safety of the deposits. Any losses incurred by depositors will be paid by the corporation and the corporation would look to the province for indemnification.

Mr. More: Would that agreement not require legislative action on the part of the province?

Mr. Sharp: Mr. Chairman, I really cannot answer that in advance. It would depend upon the provincial statutes. It is possible.

Mr. Monteith: Mr. Chairman, I think the minister indicated that this act will not be proclaimed until the definition of deposits has been determined. At what stage in time is he anticipating that this will be done?

Mr. Sharp: Mr. Chairman, when the bill was before the house committee it was indicated that it would probably be in less than a month.

Mr. Bell (Carleton): Mr. Chairman, I should like to put a question to the minister for clarification. I am not sure whether I misinterpreted him or whether he and I are at cross purposes. An hour ago I asked the minister specifically whether the important form of instrument known as a guaranteed investment certificate would be covered and I received from him an answer which I understood to be an unequivocal affirmative. A short while ago, in answer to a question asked by the hon. member for Calgary South, the minister said that during the transitional period some forms of guaranteed investment certificates and debentures would be covered. Earlier the minister said that probably once

deposit insurance is permanent the use of the term "guaranteed investment certificate" would disappear and that this form of instrument would be called a deposit receipt.

There is some confusion between the minister and myself in relation to this matter and some confusion on the record. I wish the minister would make this very clear. When he does, would he also clarify what he said with relation to the appearance on the instrument itself of the word "deposit"? If I understood him correctly, he said it will be in the future a prerequisite to the insurance that there appear on the face of the instrument that it is a deposit. I certainly hope the minister will not take such a technical position that the word "deposit" must appear. There is no magic in the word. If it is in fact a deposit, then, before it is an insured document, why insist that that word shall appear? Indeed, I think that this very well might defeat the whole purpose of the legislation. It might be that some unscrupulous company would deliberately leave off the word "deposit" while advertising that the deposits are insured. They might leave off the word "deposit" in order to avoid paying the premium. Therefore, if I understood the minister correctly, the loan would not be insured. I venture to suggest that if there is to be some magic attached to the word "deposit" and it must be on the face of every document, this legislation very easily might be completely frustrated.

• (5:00 p.m.)

Mr. Sharp: Mr. Chairman, perhaps the hon. gentleman inadvertently has given support to the position I have taken that at this stage it is very difficult to define too precisely the meaning of "deposit". The answers I gave were intended to indicate the thinking that we had been doing in advance. It is our intention that, in general, guaranteed investment certificates of up to five years should be covered. We do believe it is desirable, however, after the corporation has passed through its process of formation and has gained some experience, that the public should have a clear idea of the kind of instruments that are insured and those that are not. I ventured some ideas as to how the distinction might be made. However, we are not quite satisfied yet that this is precisely the way it should be done. I thought it desirable to give the committee a general idea of our approach to the problem.

We do not want to interfere with the normal sort of operation now being carried on by

[Mr. Bell (Carleton).]

institutions that we intend to insure. We do believe it is desirable, however, to have some uniformity or a greater approach to uniformity in future so that the difference between insured and uninsured instruments will be quite clear.

Mr. Bell (Carleton): Will the minister answer the second point in connection with the use of the word "deposit" on the face of the document?

Mr. Sharp: The point the hon. member raised about a company engaging in the practice of deliberately not putting the word "deposit" on the face of the document has been considered, and I am advised by one of the future members of the corporation that there would be a very severe penalty for any such practice. As to whether or not the word "deposit" ought to be included, let me say that obviously it follows from the fact that this act is for the insuring of deposits that no better word, so far as I am concerned, could describe what we are insuring. This would mean there would be a minimum of confusion.

Mr. Bell (Carleton): I should like to urge upon the minister most vigorously that there not be some magic attached to that word. Surely it is the fact that is important, not the word attached to an instrument. If use of a word is made a condition of validity, then I submit very earnestly to the minister that this whole plan may be frustrated. There have been many instances of legislation which has been so technical that it has been frustrated by its technicalities. I suggest that will be the case if we do make as a condition precedent to the validity of an insured document that it contain a particular word to which some alleged magic is attributed. I urge the minister with great vigour not to fall into that trap.

Mr. Sharp: I thank the hon. member and I will take his views under very serious consideration.

Mr. Lambert: In respect of comments regarding different systems the minister suggests there will be a unified system of insurance. The minister cannot guarantee that, because if the provinces have the right to enter the field of deposit insurance they can do what they want. There may be great differences in definition between the provinces and theoretically at least there could be nine, ten or 11 different systems.

Mr. Sharp: May I interrupt the hon. gentleman? I did not intend to convey that impression. I meant only that the federal legislation shall apply uniformly throughout the country.

Mr. Lambert: I agree with the minister in that regard. I think that goes without saying. What the minister says about the nature of deposits here does not matter one whit because in the final analysis the courts will interpret what is the law as parliament passes it and what the regulations are as authorized by the act passed by parliament. Those are matters the courts will decide and they relate to the rights of individuals vis-à-vis depositors and the member institution. Therefore the regulations the corporation may pass may not be the same although they may have a general resemblance to what the minister has indicated this afternoon. I am not calling into question the intentions of the minister, but it does not follow that what he suggests this afternoon will become established legal rights. I therefore return to the question in respect of the definition of deposits.

There has been no indication so far that any provincial government has the authority to consent to an institution incorporated under provincial charter joining a federal deposit insurance scheme. Provincial governments cannot go beyond what they are authorized to do by law. I should like to know whether or not the minister is satisfied that any or all provincial governments have the legal authority, without the passage of express legislation, either to direct, as some provinces have indicated they intend to do, or consent to a provincially incorporated institution joining a federal scheme. We do not seem to have much information about the powers of provincial governments to do precisely what I have mentioned.

In order to bring this matter to a head, Mr. Chairman, I should like to move:

That clause 2, subclause (e) be deleted and that the following be substituted therefor:

(e) "deposit" means any obligation of a member institution payable in Canada in Canadian funds to the holder thereof on demand or on notice within a maturity date of five years from the making thereof;

In considering the general terms of this definition I point out that a member institution is defined by the act, and this falls within the terms the minister indicated he thought should apply to a deposit. It refers to a deposit payable in Canada in Canadian funds on demand or on notice within a maturity date of five years from the making thereof. The word "obligation" covers all the types of instruments listed by the minister. It might even go further, and I suggest it does, to include any possible form of deposit that might be authorized under a provincial scheme.

It is my hope that the minister will refer this amendment to his law officers. This is a very serious point. If the minister can show me that there is something gravely wrong with this definition I am prepared to accept that, but I put it forward in all seriousness. In an effort to assist the consideration of this bill I would agree to allowing clause 2 to stand while we consider subsequent clauses in order to give the minister and his officials an opportunity to consider the amendment.

Mr. Sharp: I am quite agreeable to the suggestion to go on with other clauses. I will have a look at the proposed amendment and make my comments later.

• (5:10 p.m.)

The Chairman: Is it agreed that this clause shall stand?

Mr. Lambert: Yes, Mr. Chairman. I understand the minister accedes to my suggestion that the clause stand while the legal implications of the amendment I have moved are considered.

The Chairman: Is it agreed by the committee that clause 2 shall stand?

Some hon. Members: Agreed.

Clause stands.

The Chairman: The committee will proceed to clause 3.

On clause 3—*Corporation established.*

Mr. Lambert: Mr. Chairman, I ask this question for clarification. With respect to clause 3(1) is the minister satisfied that the power to acquire, hold and alienate real and personal property would be sufficient to grant authority to the corporation to sell the assets of or merge an institution which had taken advantage of the lender of last resort facilities under the act, had failed to make good its obligations to the corporation and was in default?

It is all very well to say what shall be the procedure for entering into lender of last resort negotiations, determining the obligations of the corporation and of the member institution, and determining when there shall be default, but as in all legal contracts there

must be a provision for resolving the default. How do you proceed once default has been established? I believe there are provisions under the United States legislation whereby the deposit insurance corporation may take a defaulting bank and sell its assets to another member institution, or merge the bank with one or more institutions. I think this is a salutary provision. It provides further flexibility in that the corporation, rather than acting as the curator and liquidator of a defaulting institution, in order to obtain the best deal, if one can use the word "deal", for the shareholders of the defaulting member institution is able to sell its assets or merge the institution under some form of share exchange with a going concern. Is the wording of clause 3(1) sufficient to achieve this purpose, or subsequently when we are considering—

Mr. Sharp: Clause 11.

Mr. Lambert: Yes. There are also the objects, powers and duties set out in clause 8, but certainly clause 11 applies. In any event, I think the relationship is much more closely established in clauses 3 and 11.

Mr. Sharp: Mr. Chairman, clause 11(c) provides:

> The corporation may do all things necessary or incidental to the objects of the corporation and in particular, but without limiting the generality of the foregoing, the corporation may, in furtherance of its objects, . . .
>
> (c) act as a curator of a bank or liquidator or receiver of a member institution when duly appointed as such and appoint qualified and competent persons, whether employees or not of the corporation, to carry out any or all of the functions of the corporation as curator, liquidator or receiver;

Therefore, provided the court approved the corporation could as receiver bring about a merger or adopt any similar method of protecting the interests of the shareholders and depositors.

Mr. Lambert: Mr. Chairman, is the minister satisfied that the wording used is sufficient, rather than specifically spelling it out?

Mr. Sharp: Yes. This was in the minds of the draftsmen in the Department of Justice when the bill was drafted.

Mr. Lambert: Is the minister satisfied that a judge interpreting the act would be able to read the minds of the draftsmen?

[Mr. Lambert.]

The Chairman: Shall clause 3 carry?

Clause agreed to.

Clause 4 agreed to.

On clause 5—*Board of directors.*

Mr. Lambert: Mr. Chairman, I wonder whether the hon. member for York Centre, who is somewhat of a carrier in these matters, would be able to give us the benefit of his knowledge in this connection.

Mr. Walker: Some loads are lighter than others.

Mr. Lambert: Mr. Chairman, may I ask the minister where he would seek alternate directors? I know there are four individuals specified who hold senior positions with the government, and I think we are quite satisfied with the incumbents of those positions as members of the board of directors. But what about the alternate directors and why is there the limitation of a period not exceeding 30 days in respect of the time these alternate directors shall serve on the board of directors? Are these appointments to be made by order in council? What will be the position if, for instance, there is a long absence from the country by a director, or a long illness? I do not understand why there should be the limitation of 30 days.

Mr. Sharp: Mr. Chairman, the limitation was for the purpose of requiring that the officers named shall in fact carry out their duties. We felt that the appointment of alternates for 30 days would be sufficient to provide for any temporary absences; otherwise the governor in council might be able to replace the officers that are named in the bill by others that are not. With regard to the first question asked by the hon. member, we would have in mind appointing as alternates to these directors other public officials, probably their deputies.

Mr. Gray: On a point of order, Mr. Chairman, I think I should draw to the attention of the committee that the finance committee in its report to the house recommended certain amendments to clause 5 which are found at page 1310 of *Votes and Proceedings* for February 10 last. Perhaps I might take a moment to point out to the committee of the whole that the amendments are as follows:

> (a) Immediately after subclause 2, add the following:
>
> "(3) A vacancy on the board of directors does not impair the right of the remainder to act."

"(4) Where the office of chairman is vacant, the minister may appoint, for a period not exceeding 90 days, an acting chairman who shall, while so acting, be a member of the board of directors and have and exercise all the powers of the chairman."

(b) Renumber subclause (3) as subclause (5).

The Chairman: Order. Perhaps I should point out to the committee that the amendments referred to are recorded in *Votes and Proceedings* No. 205 for Friday, February 10. There are copies of *Votes and Proceedings* available at the table.

• (5:20 p.m.)

Mr. Bell (Carleton): Has the minister considered whether any conflict arises between the role of the superintendent of insurance and the inspector general of banks under clause 5(1), and the role which they are given under clause 21? Under clause 21 these two officials are given the duty of inspection. In effect, they report to themselves in their capacity as directors. While I suggest there may possibly be a conflict between these two roles, I want to make it abundantly clear that I have the highest confidence in the present superintendent of insurance. He is a man in the great tradition of that office and I am sure he would not consciously involve himself in any conflict. But he has duties to carry out under the inspection clause. Is it appropriate, having inspected and reported to the corporation, that he should then be one of the controlling members of the corporation? Is it appropriate that the inspector general of banks, having carried out duties of inspection for the corporation, should be one of the directors?

I will put the position this way. If the two officers were other than such distinguished members of the public service and persons of such high integrity, I would oppose this clause vigorously as involving a conflict of interest. I do not wish to do so in view of my confidence in them, but the minister might consider that the matter I have raised does involve a point of some importance.

Mr. Sharp: I find it difficult to discover how a conflict of interest could arise. Perhaps the hon. gentleman would indicate the kind of circumstances in which there might be a conflict of interest, and on that basis I would be glad to comment.

Mr. Bell (Carleton): A case in which a conflict obviously arises is where the Superintendent of Insurance inspects and reports on a certain company. Then the private institution upon which he has reported, perhaps unfavourably, takes its case before the board of directors. The institution now finds it is dealing with the very person who made the unfavourable report, a person who is both the inquisitor and the judge. As I say, I have the highest of confidence in the integrity of the superintendent of insurance and of the inspector general of banks but a situation might easily occur in which great difficulty would ensue and I do not think such an invidious position should be allowed to arise.

Mr. Sharp: May I point out to the hon. member that insurance cannot be withdrawn from a federal institution? Insurance can only be withdrawn from a provincial institution. It is compulsory for a federal institution.

Mr. Lambert: The hon. member for Carleton has raised a point which escaped me entirely. I believe a difficulty arose in the United States during the last two years where the comptroller of the treasury has power to authorize the incorporation of banks. He gives them a certificate allowing them to commence business. There were two or three banks in the Pacific area which went bankrupt or got into difficulties to the extent that they closed their doors. They are, I believe subject to deposit insurance.

But let us look at the situation in Canada. A bank is authorized to commence business on the issuance of a certificate by the Treasury Board on the recommendation of the inspector general of banks. It is the inspector general of banks who gives the O.K. Cases might arise where an inspector general was over generous in his estimation of the ability of the incorporators of a bank to carry on the business of banking. Then the same inspector general sits in judgment as a member of the board of directors acting as a lender of last resort. One can see—and this is no reflection on the present incumbents of the two offices concerned—that the inspector general might be tempted to grant rather too generous terms in order to save his neck after he had authorized the issuance of a certificate to a banking institution when someone else might not have done so. He would be in a difficult position. It might be said that is only a theoretical possibility but unfortunately it is these theoretical possibilities which so often come to pass.

It seems to me on reflection that while the superintendent of insurance could carry out the duties of inspecting and reporting to the board the board must sit alone while assessing the reports made to it. The same applies

to the inspector general of banks. I am persuaded that the view put forward by my hon. friend from Carleton is well founded and that notwithstanding the dignity of their offices and the probity of their reputations it is conceivable that the two officials who have been mentioned might be placed in a situation in which a conflict of interest could arise.

Mr. Sharp: I find it difficult to agree with these arguments. I certainly think it would be a waste of public money if we had to duplicate the work which is being done by the inspector general of banks and the superintendent of insurance by having one federal official sitting in judgment on the other, which is in effect what is being suggested here. We created this corporation and provided that its directors should include the inspector general of banks and the superintendent of insurance because they were in the best position to know about the functioning of federal institutions; they have to inspect them in any event.

It seemed to us that the standards which they apply would be of the same kind in connection with insurance as were applied by them in connection with their responsibilities under other statutes. I find this is a highly theoretical and hypothetical argument and I suggest to the committee that if we were to start again to create a corporation we would appoint to its board of directors precisely those officers who are in the best position to judge the financial stability and the management standards of the corporations which they are supervising and which make applications for advances under the rediscount facilities. I can see little which would be gained by naming the deputy minister of trade and commerce or some other official rather than those officials who are most expert and who must report to the minister in any event about the operations of those institutions.

Mr. Lambert: I admit that the minister has an argument. It is an arguable case. But surely the superintendent of insurance and the inspector general of banks have to submit to the judgment of the deputy minister of finance, the Governor of the Bank of Canada and an outsider who is to be the chairman. So why would it be more invidious if they were to submit to the judgment of two others in a situation where there would be no conflict of interest?

Mr. Sharp: At least they could bring to the deliberations of this corporation more expertise than any other two officers I can think of.

[Mr. Lambert.]

• (5:30 p.m.)

Mr. Bell (Carleton): Undoubtedly that is true but it is not an answer to the question. Expertise on a board of directors can sometimes be very dangerous. I want to ask the minister about an answer he made. In purporting to reply to my initial question he said there was no possibility of cancellation of the insurance of a federal institution. Was he by that answer implying that someone other than the superintendent of insurance would be the person designated under proposed section 22 to examine the affairs of a provincial institution? I confess that I have been proceeding on the assumption that it would be the Superintendent of Insurance who would be designated under this provision.

Mr. Sharp: It would not necessarily be always those officers. In fact it is envisaged that sometimes provincial officials would be employed.

Mr. Bell (Carleton): Of course it would not necessarily be, but is it not the intention in fact to have the superintendent of insurance do this work?

Mr. Sharp: Some of the staff of the superintendent of insurance may be engaged in these inspections. They will be reporting to the corporation as well as, of course, to the chief of their section. It is a very interesting point that has been raised by the hon. member for Carleton but I think it is more interesting than substantial.

Clause agreed to.

On clause 6—*Chairman.*

Mr. Bell (Carleton): Is the minister confident he will be able to secure a chairman of the standing he wants for a term as short as five years?

Mr. Sharp: Yes, Mr. Chairman, I have received one or two suggestions concerning very competent and highly experienced men. What we will be looking for, if there are any other applicants around, will be people such as retired bankers.

Clause agreed to.

Clauses 7 to 9 inclusive agreed to.

On clause 10—*Provincial institutions.*

The Deputy Chairman: Shall clause 10 carry?

Mr. Bell (Carleton): On division.

Clause agreed to.

On clause 11—*Powers of corporation.*

Mr. Ballard: I am wondering whether there is not a conflict of interest in connection with clause 11, which I do not believe should occur. I am referring to subclauses (d) and (e). We have a peculiar situation here whereby a corporation that is a creditor of another corporation that is winding up becomes the liquidator and also the creditor corporation is capable of receiving, under subclause (e), the assets of the member institution from a liquidator or receiver thereof. I am just wondering whether this provision is not directly opposed to the Bankruptcy Act in that you have a creditor also acting as the liquidator. There may be a logical explanation for this but it seems to me incredible that the corporation should act in a dual capacity such as this.

Mr. Sharp: This clause was designed to enable the corporation to wind up the affairs of a deposit-taking institution in the most orderly way possible and with the least loss to the corporation that is being wound up as well as the least loss to its depositors. The provision was designed deliberately for that reason. It may be unusual, but the circumstances under which one of these institutions would be wound up would be most unusual because the depositors would be insured.

It is certainly in the interests of the public at large that the assets of the insured institution should be disposed of in as orderly a fashion as possible. The corporation, we believe, would be in a better position sometimes to engage in the business of liquidating or receiving than anyone else of whom we can think. This does not mean that in every case the corporation would act as liquidator or receiver, but we believe it should be empowered to do so.

Mr. Ballard: Would the minister not agree that there are people in the business of winding up companies of various types who are more experienced in this process than the board of directors of this corporation? I suggest to the minister that he give consideration to appointing an independent liquidator in order to avoid the possibility of being accused of being partial in the sale and distribution of the assets of the liquidated corporation.

Mr. Sharp: Of course, the corporation as such will not have the staff or the employees to engage in liquidation or receivership. It would employ professionals for that purpose. The purpose here is to give the corporation complete control when circumstances arise where this seems suitable.

Mr. Lewis: As I read the clause the corporation would not be appointed to this function except by a court. Is not that what subclause (c) means? Presumably the various reasons for having this corporation as liquidator or receiver would be before the court as against the interests of the other creditors. It seems to me that there may easily be a situation in which the corporation would be the best person to act in that capacity.

Mr. Sharp: I thank the hon. member for York South who is very experienced, I am sure, in such matters.

Mr. Lewis: No, I am not; I have no knowledge at all.

Clause agreed to.

On clause 12—*Powers of directors and bylaws.*

Mr. Bell (Carleton): I should like to direct the attention of the committee to subclause 2, line 21, page 6. Under subclause 2 the directors of the corporation have all the powers conferred upon commissioners appointed under part II of the Inquiries Act. Then lines 21 and 22 of that clause read in part as follows:

> —the directors may delegate such powers as occasion requires.

Here is a blanket delegation of authority under part II of the Inquiries Act. Part I of the Inquiries Act is of course the one that is more familiar because it gives power to royal commissions and the like. Part II deals with departmental investigations and is confined to a commissioner or commissioners appointed by a minister with authority of the governor in council. You know precisely who the commissioners are. The governor in council has to take responsibility for the person appointed as commissioner. These commissioners have substantial powers. They can compel the attendance of any person. They can compel such persons to produce documents and books. Where a person refuses to answer a question or produce any documents he is liable, on summary conviction, to a penalty of as much as $400. It seems to me that there is no real objection to this when the exercise is made by someone who is identifiable. But here we have a blanket delegation. We know not who may have the power under the Inquiries Act. Does the minister really believe that such a blanket delegation is necessary to carry out the purposes of this legislation? I

think a considerable danger may creep in in this way.

• (5:40 p.m.)

Mr. Sharp: Mr. Chairman, quite frankly I don't know. I should like to have the opportunity of consulting with the draftsmen of the bill to find out why they included those words. There may have been a very good purpose with which I am not acquainted; nor is the official who is advising me. Therefore I should like a little time to consult with the draftsmen of the bill.

Mr. Bell (Carleton): Mr. Chairman, I would be very glad if the minister were prepared to let this clause stand. I personally think that all the words after "oath" in line 21 should be struck out. If there is any power of delegation that power of delegation should be subject to some supervision, such as the supervision of the governor in council.

Mr. Lambert: Mr. Chairman, I should like to add another reason for holding this clause for further consideration. We are holding clause 2 to consider the amendment I put forward. Under subclause (1) (g) power is granted to the board of directors to define the expression "deposit". If the expression "deposit" is defined in the definitions clause, then this power need not exist. Therefore, both for the reasons advanced by my colleague for Carleton and for this other reason perhaps this clause could stand.

The Deputy Chairman: Is it agreed that clause 12 stands?

Some hon. Members: Agreed.

Clause stands.

On clause 13—*Duty to insure.*

Mr. Ballard: Mr. Chairman, clause 13 of the bill seems to exempt certain depositors from insurance coverage. I believe one type of depositor has been omitted from this exemption. I have before me a financial statement of a Canadian bank which has just come to hand and I notice in this financial statement that there are several types of deposits listed. The liability for deposit is listed under five different nomenclatures, namely, government deposits, Canadian provincial government deposits, personal savings deposits, other deposits, and deposits by other banks.

I believe that in the categories "personal savings deposits" and "other deposits" there must be a number of deposits which are placed in a bank by trust companies and loan companies which are incorporated under the federal Trust Companies Act or Loan Companies Act. There are also a number of deposits in this institution which are received from other banks. Initially those deposits from other banks and from trust and loan companies were insured under these acts. I submit that on that ground those deposits will in part, if clause 13 is left as it is, be covered a second time by deposit insurance, and I do not think that is the intention.

Therefore, Mr. Chairman, I propose to move an amendment to clause 13 which would exempt from insurance coverage deposits from any other federal institution as described in clause 9 of this bill, which clause defines federal institutions as banks and companies incorporated under the Trust Companies Act or the Loan Companies Act.

Specifically, the amendment I propose to suggest to clause 13 is as follows:

Delete "and" at the conclusion of subsection (b) and add a new subsection (c) as follows:

"a deposit of

(i) a bank;

(ii) a company incorporated by or pursuant to an act of the parliament of Canada that accepts deposits from the public and to which the Trust Companies Act or the Loan Companies Act applies; and

(iii) a company the incorporation of which is continued by or pursuant to an act of the parliament of Canada that accepts deposits from the public and to which the Trust Companies Act or the Loan Companies Act applies.

Renumber the present subsection (c) as subsection (d).

Mr. Lambert: What about provincial institutions?

Mr. Ballard: I am making reference here only to what are already defined in the act as federal institutions.

Mr. Gray: May I ask a question for clarification purposes? If under this bill it would be possible for provincial institutions to be members of the Canada Deposit Insurance Corporation, if I were to follow the hon. member's line of reasoning, which of course I do not accept, why should they not be included in the amendment as well as long as they belong to this scheme?

Mr. Ballard: My answer to that is quite a simple one. When I drew up the amendment I hoped that the minister would be more definitive in his presentation of the bill and make it apply to all companies in Canada whether provincial or federal incorporations. I would not want on my own to go so far as to cover provincial institutions that may come under

this bill. However, I believe that the amendment I have proposed will alleviate this problem almost entirely. Therefore I would not be averse to some amendment being made which would include provincial institutions. However, I would not want to propose it myself.

Mr. Lewis: Has the minister any comment to make on the likelihood of double insurance?

Mr. Sharp: In the first place I would point out that we are only insuring deposits up to $20,000. There are a great many people whose deposits will be insured but who will get very little insurance on the amount of their deposits. People with millions of dollars on deposit can get insurance only up to $20,000 of those millions. So even though we do in fact cover these deposits the amount of the coverage is quite infinitesimal.

Moreover, I think the question of double coverage can be answered in this way. Some institutions place deposits with other institutions. Indeed, one can imagine a situation where there is a complete circle. One institution deposits in another, the second in a third, the third in a fourth, the fourth in a fifth, and the fifth in the first. Only one of those institutions is likely to fall at one time. So the question of doubling up insurance is not a substantial point.

I would suggest to the committee that this introduces a quite unnecessary and unimportant amendment to the bill. It does nothing to make it more acceptable to the people and it certainly does not add anything to defray any cost to the institutions that might have to pay the small amount of insurance involved. But it would add enormously to the complications if it were to be accepted.

Mr. McKinley: Mr. Chairman, I should like to know the reason for providing insurance on deposits only up to the amount of $20,000. There must be many people who, between the sale of one asset and the purchase of another, have hard earned money they would like to have insured and perhaps put on deposit for a certain length of time. Why would these people not be entitled to insurance to any amount?

Mr. Sharp: Mr. Chairman, the purpose of this bill is quite clear. It is to insure the deposits of people with modest means. Those who have large amounts on deposit are presumably able to make their investments or deposits with full knowledge of all the risks involved. The purpose of this bill is to provide insurance for those small depositors who cannot make the inquiries that are necessary to establish the relative risk of putting their deposits in one institution rather than another. I do not think this parliament needs to be concerned about larger depositors at the present moment.

• (5:50 p.m.)

The Deputy Chairman: Perhaps I should read the amendment for the information of the committee.

Mr. Sharp: Mr. Chairman, in the light of the explanation I have made I wonder whether the hon. member really wishes to proceed with his amendment?

Mr. Lambert: Something may be said for part of what the hon. member for Calgary South was saying. There are deposits that may be held, for instance, by credit unions as clearing accounts with the chartered banks. They would be insured up to the amount of $20,000. There are the accounts of all near banks with the chartered banks, used also for clearing purposes. They would be insured up to the amount of $20,000. Another area is the accounts of the treasury branches of the province of Alberta with the chartered banks, to participate in the clearing system. After all, the province of Alberta may insist that its treasury branches are not to be member institutions and that therefore they will not come under the aegis of this legislation. Notwithstanding that, the province may ask all trust companies and other institutions operating within the province to become member institutions.

I wonder whether one could say that the province would be a preferred claimant and should not be covered by deposit insurance. I think the provinces will assume part of the cost or responsibility for some time until this scheme gets going. I do not know why the government of Canada should be the sole government to put this matter beyond the pale. I would have thought that the provincial governments would also take the same position. If they are asserting and are being granted a right to intervene in the question of deposit insurance, I think they are having it both ways.

As to the point made by my colleague from Huron, I think the minister will agree that the deposit is limited and not the depositor. I take it that a person who comes in with $100,000 and wishes to deposit it for six weeks, say, to bridge a transaction, has to

split his money into separate accounts. I should like the minister to comment on this interpretation. Could one split up that sum of money into five trust accounts each of $20,000 but together adding up to $100,000, with all accounts being insured?

Mr. McKinley: Mr. Chairman, can the minister say whether that could happen? Is the minister aware that banks pay the maximum interest on amounts of over $25,000? Should there not be some togetherness between himself and the banks with respect to this legislation?

Mr. Sharp: Mr. Chairman, I think it is wise to restrict the coverage in this legislation to the smaller depositors. With regard to the definition of "deposit" it is the intention that the definition shall not be evaded by establishing a whole series of deposits in the name of a single individual. In other words, we shall establish the meaning of "deposit" in such a way that it will not be possible for a person to get coverage on $100,000 by making five deposits. The intention of the bill is to cover only $20,000 in a particular institution. Of course, anybody can make deposits in various institutions and cover the risk that way. All institutions are not likely to fail at once. I doubt whether that would be a profitable endeavour.

I am given to understand that the reason for clause 13(1)(b), which excepts from coverage a deposit in respect of which Her Majesty in right of Canada would be a preferred claimant, arises out of a provision of the Bank Act. I inquired from the inspector general of banks exactly what the position of a deposit by Her Majesty in right of Canada is. Because there are particular rights attaching to deposits by Her Majesty in banks, the clause is included.

Mr. Lambert: The minister speaks of deposits in the right of Canada. What about deposits by Her Majesty in the right of any province participating in this scheme? The minister should look at that.

Mr. Sharp: The provinces do not have specific rights under the Bank Act.

Mr. Ballard: My purpose in moving the amendment to clause 13 was to remove what I considered a minor annoyance to the banks and other like institutions which feel they are being covered twice by the insurance offered by this bill. After the lucid explanation and assurances of the minister that the banks will not mind to a certain extent paying double insurance, I am prepared to withdraw my amendment.

The Deputy Chairman: Has the hon. member unanimous consent to withdraw the amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Clause agreed to.

Clauses 14 and 15 agreed to.

On clause 16—*Insurance of provincial institutions.*

• (6:00 p.m.)

Mr. Lambert: This is the clause which authorizes a province either to direct or to agree that an institution carrying on business in that province and incorporated within that province shall have the right to participate in this deposit insurance scheme. I have made many comments, both at the resolution stage and on second reading, about what I consider to be the unwarranted intrusion of the provincial authorities into the business of banking. They have no business whatsoever being there. At the moment they are being let in by default, and if this provision were challenged there would be justifiable argument that the provinces have no authority to engage in the business of banking or authorize the business of banking and near banking. I contend that they do not have the authority to direct near banks to participate in a federal system of deposit insurance.

I raised this point earlier with the minister, who did not answer it. Have the provincial governments the legislative authority either to direct or authorize provincially incorporated institutions, carrying on the business of near banking, to participate in a federal deposit insurance scheme? This point was discussed in the standing committee by Mr. Ryan, the department's legislation counsel, and my colleague, the hon. member for Kamloops, as recorded at page 24 of the unrevised transcript of the committee proceedings. Mr. Ryan was replying to a question and he said:

> On which point, Mr. Chairman? On the authorization of the province? With respect to the authorization of the province of incorporation, I would like to point out a gray area that does exist ... These provincial institutions would be incorporated under the heading of a company with provincial objects. They would be authorized to carry out certain activities including the ones we are concerned about there, by their incorporating charter or their act, and they would also acquire in some cases all of their powers from that act, charter or statute, depending on the jurisdiction therein. In

some of these cases it may be beyond the powers of the company to take out insurance or to come into this scheme.

I do not know how it could be suggested by Mr. Ryan that this federal bill would cure a deficiency in the charter of a provincially incorporated company by providing that the provincial institution should be authorized by the province of its incorporation to apply for federal deposit insurance. I do not think any federal statute could do that.

Mr. Lewis: May I ask the hon. member a question? I happen to agree with him in opposing this particular subclause. I am not a member of the standing committee but I have read what Mr. Ryan said. Am I wrong in my understanding that what Mr. Ryan said was that the provision for provincial authority would mean that a provincial statute could give companies, incorporated under provincial statute or charter, the authority to enter into this deposit insurance, which authority they otherwise might not have? In other words, I understand Mr. Ryan to have said not that the federal statute would cure the deficiency in the charter of a provincial company but that provincial authorization, presumably by provincial statute, would cure it. Am I wrong in that?

Mr. Lambert: This may be what Mr. Ryan meant, that there would have to be a provincial statute curing any deficiencies in the charters of any companies lacking this power.

Mr. Lewis: That is what I thought he said.

Mr. Lambert: That may be one interpretation, but on the other hand on examining the unrevised edition of the transcript of last week's committee hearing I feel it was also suggested that clause 16 (a) would be deemed to cure such a defect by saying that if a province authorized a provincial company to apply it would qualify. This may be a less valid interpretation of what Mr. Ryan said than that suggested by the hon. member for York South.

If the argument put forward by the hon. member for York South is correct, then it will take some time for the various provinces to act and pass the necessary statutes. In addition, I believe some trust companies are incorporated by private bills and a lot of cleaning up will be required in the provincial legislatures. Further, I question whether without legislative provision, without a special act authorizing a provincial cabinet or cabinet minister to direct provincially incorporated companies to participate in the federal scheme, provincial cabinets or ministers can so direct because the executive of a provincial government, like the executive council of the federal government, cannot act beyond the powers granted to it by some specific statute.

I doubt that there is any general provision whereby an order in council may be passed to do this. Some of the provincial authorities may say that simply because the premier of a province delivers a ukase that is sufficient, but I would like to know first whether the Minister of Finance is satisfied that provincial governments have the authority to direct provincially incorporated companies to participate in this scheme or to consent to their participation.

Second, since provincially incorporated companies are authorized to operate within the confines of a province, participation in the federal scheme would be an extraterritorial operation, and it may be that the charters of such companies are not wide enough to permit them to participate in any activity outside the province. In that case a provincial statute might be passed to cure defects in companies' charters. Personally I do not like to see this provincial authority included in the subclause and I am going to move an appropriate amendment in that regard.

Mr. Sharp: When the bill was originally drafted clause 16(a) was not put in the terms that "the provincial institution is authorized" by its legislature "to apply for deposit insurance." It was put in much more general terms, saying "as authorized by the province of its incorporation."

The intention, and this certainly would be the practice, is that the deposit insurance corporation would accept from any institution a letter from the responsible minister giving permission for the institution to apply for insurance. That is the intent of the legislation and I am advised that that is why the bill is drafted in this form. It was deliberately drafted in this form to avoid requiring legislative action to permit a provincial institution to apply. Of course it may be that some provincial institutions may not possess the corporate powers to enter into a policy of insurance, but I am advised that this is very unlikely.

Mr. Lewis: May I ask the minister whether this advice comes from Mr. Ryan, because it was Mr. Ryan suggested it?

Mr. Sharp: Yes, it is possible that Mr. Ryan, being a lawyer like my hon. friend, is always concerned about the exceptions and not the general rules.

Mr. Lewis: Speak for Mr. Ryan and not for this lawyer.

• (6:10 p.m.)

Mr. Sharp: It is quite possible that some corporations might not possess the powers. If I were in the position of a law officer of the Crown, I would be very careful in my answers to see that I should not get tripped up by some exceptional case. If a province requires its companies to take out deposit insurance, as some of them may, then of course legislative action is required. It may also require legislative action for a province to assume the responsibility for losses if it should want to bring its institutions under deposit insurance before we as a federal corporation have had an opportunity to inspect them. All these things might require legislative action. This is another reason that it is desirable to get this bill through all stages while the provincial legislatures are still in session throughout the country. In connection with the particular point raised about the kind of authority that is required, it is our intention that the corporation would accept a simple authorization by a responsible minister.

Mr. Lambert: Again, Mr. Chairman, I am wondering what is the authority of the responsible minister to give that consent. The minister is much too experienced both as a senior public servant prior to his entry into politics and in his present position as Minister of Finance not to know that some powers are seriously circumscribed by statute. I might mention the Financial Administration Act, for instance. How can he be satisfied that a letter from a minister of the Crown of any province has been written based upon the appropriate power? This is what I want to be satisfied about. I wish to be satisfied that there shall be sufficient authority.

Mr. Sharp: Mr. Chairman, we do not anticipate any practical difficulty in this regard. After all, if the provincial institution itself has the power to enter into a policy of insurance with the corporation, it will go to the provincial government and say in effect that it would like authority to take out the policy. Either the provincial government gives it that authority or it does not. The evidence the corporation will accept is the written permission of the responsible minister.

[Mr. Lewis.]

Mr. Lambert: What is it worth?

Mr. Gilbert: Mr. Chairman, we also are opposed to clause 16(a) of the bill which gives the provinces the power to consent to an application in respect of deposit insurance. We feel that the federal government is tacitly approving of the provinces participating in the monetary and financial affairs of the country. We also feel that it takes away from the voluntary aspect of a corporation participating in deposit insurance if the consent of the province is required. We believe the onus should be on the province—

[*Translation*]

Mr. Grégoire: Mr. Chairman, may I call your attention to the fact that we do not have a quorum at this time? There are not 20 members in the house.

The Deputy Chairman: I very much appreciate the hon. member's co-operation, but I am advised that there are a few members behind the curtains, and accordingly—

Mr. Grégoire: Mr. Chairman, I apologize; at least my remark will have had the effect of bringing in those who stand behind the curtains.

[*English*]

Mr. Gilbert: Mr. Chairman, I was stating that we feel the onus should be on the particular province and that it should pass legislation if it does not wish its provincial institutions to participate in deposit insurance. This really is a tacit abrogation by the federal government. For these reasons I should like to move the following amendment:

That clause 16 be amended as follows:

1. By deleting subclause (a).

2. By renumbering subclauses (b) and (c) as subclauses (a) and (b) respectively.

The Deputy Chairman: May I have the indulgence of members of the committee to read the adjournment proceedings which will take place tonight at ten o'clock. It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be considered are the following: The hon. member for Kootenay West (Mr. Herridge), Canadian Centennial—request for repeat tour of confederation train; the hon. member for Richmond-Wolfe (Mr. Asselin), Historic Sites and Monuments—restoration of home of Sir Alexander Galt; the hon. member for Mégantic (Mr. Langlois), Education—request for increased assistance to Canadian students.

Mr. Sharp: Mr. Chairman, an amendment similar to that now moved by the hon. member for Broadview was moved in the committee on finance, trade and economic affairs and after some discussion it was defeated. I suggest it should be defeated again. The purpose of including clause 16(a), as I said in the committee, is to improve the climate of co-operation between the provinces and the federal government in the operation of deposit insurance. I believe it is very important for the success of this operation that the provinces should co-operate with the federal government in making this plan a success in so far as it applies to provincially incorporated institutions. If that clause were not included in the legislation a situation could arise in which, if an institution wanted to apply for federal insurance contrary to the wishes of the provincial government, it could be very difficult, it would seem to us, to provide the kind of inspection that is desirable.

Wherever possible we would like to use provincial officials. We believe, since these are provincial institutions, that we should have not antagonism from the provincial governments but active co-operation. We put that clause in the bill after mature consideration of the various points raised both in the committee and in the house. It would have been possible for us to have left it out. I gather that that is the view of the members of the Progressive Conservative party and the New Democratic Party who have spoken.

• (6:20 p.m.)

I agree that if we had been able in advance to have discussions with the provinces about the operations of deposit insurance it might have been possible to avoid having a clause like this. On the other hand, it might not have been possible because we might well have come to the conclusion even after discussions with the provinces that this clause should be kept in if only to show our good will and desire to avoid unnecessary conflicts with provincial authorities.

The Prime Minister tabled in the house an exchange of correspondence between the premier of Quebec and himself regarding a conference on financial institutions that Mr. Johnson had asked the Prime Minister to convene a conference of all provinces with the federal government. This is another reason I believe it would be desirable to retain this clause. During the discussions the Prime Minister had with Mr. Johnson following receipt of the letter the premier of Quebec specifically asked that this clause be retained. He said he thought it would help greatly in discussing the problem as a whole.

If we in this house were to remove this clause I believe we would create a bad impression and would not help improve the chances of active co-operation between the province of Quebec and the federal government, or with other provinces, in the promotion of a desire shared by all of us, namely, the improvement of the safety of investors and the improvement of the standards of financial management in this country. Let me say to members of the committee that I have not changed my view after the discussions which took place in the committee on finance, trade and economic affairs. Indeed, developments since those discussions have only reinforced my view that we should ask the provinces for permission before we insure deposits in institutions that up until now, under the laws of this land, have been supervised by the provinces.

Mr. Lambert: Mr. Chairman, my only comment is that I think that supervision in respect of certain of the operations of these institutions fell to the provinces by default. This does not involve a question whether the federal government has or has not jurisdiction. In view of the absence of my colleague, the hon. member for Kamloops, who carried on the main discussion with the minister during the committee meeting the other day, I think it would be of value to place his views on the record. I was not able to attend that meeting but I should like to quote from the unrevised transcript beginning at page 27. The hon. member, who had been carrying on the discussion with Mr. Ryan and the Minister of Finance, said:

> To make a contract for insurances with this deposit insurance corporation. That is your point.
>
> Mr. Ryan: Yes.
>
> Mr. Fulton: My answer to that is that if the company is in the business of taking deposits and the federal parliament legislates as to Canada wide requirements that must be met by all companies taking deposits, in my view that legislation is within the federal jurisdiction; the province could not stop its company from entering into that contract.
>
> Mr. Sharp: Mr. Chairman, that is not what this bill is about. This bill is about the insurance of depositors, not about the taking of deposits.
>
> Mr. Fulton: My point is that if you say that all companies who take deposits are required to insure with the federal deposit corporation, in my submission no provincial or power exists to prevent a deposit-taking corporation entering into a contract of insurance. It is made a requirement of the taking of deposits in Canada.
>
> Mr. Sharp: That may be, Mr. Chairman, but that is not what this legislation says. We are not trying

to go as far as that. That may be eventually an act of this parliament, but that is not one that is before us for consideration today.

Mr. Fulton: I realize that. I tried to stay off the ground, there are other grounds of difference between us. I think you should have made it mandatory, and it is not, and we have not time to change the legislation in that respect. I am speaking now in the narrow sense, but very fundamental objection by this subsection (a) of giving the provinces the jurisdiction which I do not believe they have and doing something which I do not think is necessary to the efficacy of your scheme because I said if you leave it purely voluntary—that is the present situation—and a provincial incorporated company takes advantage of that voluntary opportunity, then if it enters into a contract of insurance, in my view the contract would be valid unless legislation were to be successfully attacked and even while the court case might be proceeding the contract still exists and the depositors are protected unless the court should ultimately declare our legislation (ultra vires) which I think, neither you nor I feel there is the slightest possibility of happening.

That is the end of that exchange. I fully agree with my colleague. The hon. member for Broadview must have been reading my mind because I had an amendment drafted in precisely the same terms as the one he has presented. The remarks of the minister have reinforced my view that this provision represents the purchase of political peace. The price is being paid today for something that will come back to roost in the future.

I respect provincial autonomy in certain fields and I believe the federal government should stay out of those fields. I also believe that provincial governments should reciprocate, and in the particular field of banking and banking practices there is no provincial jurisdiction. One cannot assume provincial jurisdiction merely because these institutions have been provincially incorporated and supervised. I agree that the provinces can supervise these institutions in respect of annual reports and changes of directors and shareholders just as they do in respect of broadcasting companies and aircraft operating companies, but that is where their authority ends.

Provincial governments have no authority to say anything about the actual operation of broadcasting companies or aircraft operating companies. Because those companies are incorporated under provincial charter, that does not give the provinces the right to supervise their actual operation. They have no right to supervise or control the operations of banking institutions in spite of the fact that near banks are incorporated by provincial charter. The practice of banking followed by near banks comes under the exclusive jurisdiction of the federal authorities. Anyone who wants to move into the field of broadcasting can apply for a provincial charter or letters patent or may apply for incorporation by memorandum. This is all the province can grant. It is merely the registration of a document. The provincial government breathes life into an inanimate corporate body. The same thing applies in respect of any trust company or other company operating in the field of banking and banking practice, but this does not give the provinces the right to enter the field of banking practice. They have full rights in other fields but none in this specific one.

• (6:30 p.m.)

Mr. Lewis: Mr. Chairman, I shall not be very many minutes. One statement the minister made is of great importance. I think it is his fault and the government's fault that we are in this position. Nonetheless I think it would be irresponsible not to consider that statement. I am sure the hon. member for Edmonton West shares with me the concern about the statement to which I shall refer, and will want to consider it very carefully.

I understood the minister to say that the premier of one of the provinces has specifically requested that paragraph (a) of clause 16 be not removed. I believe I understood the minister aright. Obviously you would really get into a battle which may be unhelpful to the total question of federal-provincial relations, not only in this field but in many other fields, if this committee and this House of Commons deliberately slapped the face of one of the premiers who asked that something that had already been proposed be not removed.

I say to the minister that in view of that statement we would like to give the amendment moved by my colleague, the hon. member for Broadview, a little more thought before eight o'clock. I repeat that I, as one Canadian, cannot feel that it would be to the benefit of Canada's future to slap the face of one of the premiers who made a specific request that a certain matter be retained in a bill. What I object to, and personally would like to make clear, having said what I have said, is that I think the government was weak-kneed and timorous when it included this paragraph in the clause.

I understand the policies of this government with regard to our constitution to be as enunciated particularly in the last year or so, namely that the federal government was taking the position that the powers given to the

respective jurisdictions by the British North America Act were going to be honoured, and the federal government therefore said it was withdrawing from certain activities in which it had formerly participated, to give the provinces added opportunities to obtain revenues so that the provinces could carry out those activities within their jurisdictions.

The same thing is true on the other side of the question. Canada will be a much happier place, in terms of the constitutional differences between the federal and provincial authorities, differences that I suspect can never be wiped out in any federal state—they will always be there, whatever the circumstances; there will always be differences—if the federal parliament asserts its authority within the jurisdiction that it clearly has. I believe if this were done it would be much better for those differences and the future of Canada.

I am not any more of a constitutional authority than the Minister of Finance, even though I have had some legal training and he has gained his knowledge by osmosis. I do not know whether legal training by osmosis is not really better than legal training in a lecture room. But I know of nothing in the law of Canada's constitution, or in any legal principle, that makes mandatory a provision in a federal statute offering deposit insurance to companies in Canada, whether federally or provincially incorporated, when they have the choice of accepting or not accepting it as they voluntarily decide. This is particularly the case when you are dealing with deposit taking institutions, particularly when there is so much legal opinion that a deposit taking institution is probably—in my humble opinion I would say "certainly", but the least one can say is that it "probably" is—carrying out banking functions and operations. It may have other operations and functions, but in so far as it is a deposit taking institution it is carrying out, some people will say "probably" but I would say "certainly", banking operations. In that situation paragraph (a) of clause 16 was not needed.

You do not, I suggest, improve the climate of co-operation by constantly giving way and compromising, and doing these things to a point where the ordinary depositor might suffer through some particularly angry exchange between the federal and provincial governments, that may have nothing at all to do with deposits.

If the federal government and a provincial government, whatever the provincial government may be, has an altercation of some sort and the provincial government says, "We are not going to let our provincially incorporated institutions come under this deposit insurance plan", the depositors of those particular institutions may be made to suffer for reasons that have nothing to do with deposits. I regret very much that the minister and the government felt it necessary to make this kind of concession in a field where it was not necessary and where I am personally confident —perhaps I have not sufficient evidence and the minister has better evidence than I, and I should be surprised if he has not—on the evidence I have that the provinces would not have objected, and the minister would have been able to sit down with the provincial authorities while the bill was before committee and the house, before it became an act of parliament, and work out some of the details that concern him with regard to inspection and the like.

I regret that paragraph (a) is in clause 16. I repeat what I said at the outset, that as a practical matter, the fact—and I have heard it for the first time, as I am sure other hon. members have—that the premier of Quebec specifically asked the Prime Minister, I understood the Minister of Finance to say, to make sure that this paragraph is not removed from the bill is a matter that deserves careful consideration, and my colleague and I intend to consult some of our other colleagues with regard to the amendment which we have moved.

Mr. Sharp: Mr. Chairman, may I add just a word to what I said previously, to emphasize one point. Clause 16(a) is not in the bill because we believe there is any constitutional limitation upon our right to enact this legislation, nor that it would be inappropriate that it should be offered to all provincial institutions that accept deposits. The clause is there simply because, as I said previously, we had reason to believe, on the basis of our earlier discussions with the provinces, that by seeking the permission of the provincial authorities we would better the chances of active co-operation in the inspection of these institutions. I say that because I would not want it thought that by including this clause we are in any way prejudicing the authority of this parliament.

Mr. Lewis: You may not be prejudicing it, but you are certainly questioning it.

Mr. Sharp: I question that statement, Mr. Chairman. I am not questioning our authority. That is the reason I made this intervention. This clause is there purely for diplomatic reasons; it is not there because we have any doubt about our authority.

Mr. Lewis: Mr. Chairman, perhaps the minister should have learned from his colleague, the Secretary of State for External Affairs, and undertaken a little quiet diplomacy instead of putting it in the bill.

Mr. Sharp: I think this is a very good instance of quiet diplomacy.

• (6:40 p.m.)

Finally, one other point. If we were asserting the jurisdiction of parliament over banking, then of course it would be most inappropriate for us to say that the ambit of our legislation could be effectively stopped by any province. But that is not the purpose of this particular clause. It is simply for the purpose of inviting greater co-operation from the provinces by giving them an opportunity of saying that they wish their institutions to come under deposit insurance.

Mr. Thompson: It almost seems that my remarks may sound redundant at this point I must, however, express my disagreement with the arguments which have been presented by the hon. member for Edmonton West, by the hon. member for York South and by the mover of the amendment; the hon. member for Broadview. I cannot agree with the arguments which have been put forward by the minister, either. To say, as he did, that the clause is here only for the sake of diplomacy is to make a very weak statement. I believe there is a principle involved which is far more important and basic.

If the clause were in the bill simply for the sake of quiet diplomacy, I would say the mover of the amendment was right. But I say that something far deeper is involved. We agree with the principle that monetary policy and banking legislation are within the province of the federal parliament. What the government has done is to exclude the near banks from the banking legislation we are considering at the present time. The committee records will show that both the Governor of the Bank of Canada and the Minister of Finance stated in reply to questions that they did not think it necessary at this time to include near banks under the umbrella of the banking legislation, chiefly because their operations accounted for only 1 per cent of the total banking done in Canada in any year. Nevertheless the function which the near banks perform includes the expansion of credit, so we find ourselves in a difficult position with regard to this legislation.

I do not agree with the hon. member for York South that this is a case of being weak-kneed in our dealings with the provinces. But I do not think it is correct to try to assume, in this act, an act having to do with deposit insurance, a responsibility which really relates to the Bank Act itself.

Neither do I think the argument advanced by the hon. member for Edmonton West applies. He drew a parallel with a situation involving an aircraft company or a broadcasting company. This legislation basically provides deposit insurance protection for those institutions which are incorporated under the federal jurisdiction, and it leaves the door open to those institutions which are incorporated under provincial legislation as long as the provincial government which authorized the formation of those companies gives permission. If in this legislation we were dealing with something which was to happen in the future—the future incorporation of finance companies, trust companies or other forms of deposit accepting institutions—there would perhaps be reason for asserting that the legislation now before us could assume responsibility for such companies. But the fact remains that many of these trust companies have been operating under provincial legislation for many years, simply because the federal government had not assumed the responsibility which was theirs over this whole area of financial operations. I do not think parliament has any right to assume that in this present legislation it can impose upon provincially incorporated companies conditions which were not part of the original undertakings given by them, at least not without consultation with the provincial governments concerned.

It is my belief that every provincially chartered institution will want to be covered, and that it will make application accordingly. It will be much more simple and certainly much less expensive if all the deposit banking institutions in the country do come under this scheme. Nevertheless, to make membership a requirement for all deposit receiving institutions would be a direct infringement of the responsibility which the provinces have assumed, because the federal government has not occupied this field in the past. Since the

provinces have assumed this responsibility I do not think we have any right to say that all companies must be included under this legislation.

I agree that the door is left open. If there should be some financial institutions which cannot obtain provincial permission to join, I believe they should take the logical step of applying for a federal charter. That is a course which is open to them. In the committee, the minister said he would welcome such applications if it proved impossible for institutions of this type to join under the conditions set out in this bill in clause 16(a) where we find the proviso that the provincial institution must have authorization from the province of incorporation.

If this provision is included for diplomatic reasons only, then let us take it out. I believe it is here because it respects the jurisdiction which by practice and default has come into the hands of the provincial authorities. Its presence will lead to much greater co-operation from the provinces. Therefore, for the reasons I have advanced, we cannot support this amendment, though we are not giving our support to the legislation for the reason put forward by the minister, that of quiet diplomacy. That is not a basic reason.

Let us not try to cover one mistake by making another. I believe the provinces will realize the worth of this legislation. They will see that it is good and necessary, and they will co-operate of their own volition. If it takes a special act of the provincial legislature to permit the necessary coverage, it does not really matter—the door is open. And if some provinces do not agree, then the companies concerned can become federally incorporated companies.

• (6:50 p.m.)

Mr. Lambert: A few minutes ago the minister indicated there was one premier who made a request with regard to this particular clause. I was wondering whether the minister was referring to the correspondence which was tabled on February 13, an exchange of correspondence between the Premier of the Province of Quebec and the Prime Minister. Is this the request to which the minister had reference?

Mr. Sharp: The request is not contained in the correspondence. This was a request made of the Prime Minister by Mr. Johnson when the two of them met in Quebec city.

Mr. Lambert: This past week end, at the winter games?

Mr. Sharp: Right.

Mr. Lambert: I think the request must be looked at in the context of Mr. Johnson's letter to the Prime Minister dated February 10. I believe I should put the pertinent portions of that letter on the record.

[*Translation*]

Mr. Chairman, at the beginning of his letter, the Quebec premier indicated that several intergovernmental conferences had been held to study this or that aspect of how to protect the public and the small depositors, especially what steps to take to that end, and also how financial institutions operate. And he added this:

> In the course of their work, our officials have been called upon to meet yours as well as those from Ontario and the other provinces. Out of those meetings came the idea of a federal-provincial conference to study the whole field of financial institutions and securities. Such a conference would review all government legislation now in force in that field in order to recommend, in the light of our constitution and the amendments which could eventually be made thereto, the steps to be taken by each level of government to solve that problem once and for all.

In short, Mr. Johnson is suggesting that a conference could start with a meeting of officials to whom outside experts could be added to pinpoint the aim of the conference and orient their work.

A preliminary conference of the ministers concerned could also be held within a few weeks and we would suggest to the Prime Minister of Canada to submit to the premiers of the other provinces Mr. Johnson's views on the advisability of calling such a conference to study the control of financial institutions and the steps to take to protect the small depositors; the securities business could also be studied.

Mr. Chairman, I am quite willing to share Mr. Johnson's views in that respect. But, first of all, there must be a common legislation, with a common base, for the whole country. It is all right as far as business and securities are concerned, but there must be security for the public, not only in western Canada but also in the province of Quebec. There is no contention in that regard. But I do not think there is any reference to Bill No. C-261 or to section 16a not only in Mr. Johnson's letter but also in the Prime Minister's answer. I know that the minister told us that it was

after a personal meeting, during the last weekend, that we learned about that request, but I would like to have more details.

It is not in the official release which we saw here in the house.

[*English*]

Mr. Sharp: I did not rise to interrupt the hon. member on that point. However, the letter the Prime Minister wrote to Mr. Johnson does contain, in its final paragraph, a reference to the bill that is now before us. The Prime Minister told Mr. Johnson that parliament was proceeding with this bill and he hoped it would be through in a few days.

Mr. Lambert: I think we can all share those sentiments. I am sure my colleagues do, too. We have no objection to the principle of deposit insurance but we feel that the government is going at it, to use a term, in a backhanded way. Certainly the provisions of the bill will be of considerable benefit but we are disagreeing with some of its details.

One of the essential features of the bill, of course, is this matter of provincial consent which, it seems to me, is introducing the question of a provincial veto in banking matters. I might comment upon the argument put forward by the hon. member for Red Deer, that notwithstanding the fact there may have been some vacuum into which provincial authorities have moved, this does not cure a situation in which they have no constitutional authority.

The fact that some provinces have assumed a jurisdiction which has not been challenged, in some instances an almost negligible jurisdiction, is no argument that we should not now assert the jurisdiction of the federal government.

May I call it seven o'clock, Mr. Chairman.

The Chairman: Pursuant to an order of the house passed on Friday, February 3, I do now leave the chair and the committee will resume at eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

Mr. Lambert: Mr. Chairman, at the time of the adjournment I had been reading extracts from the letter written by Premier Johnson to the Prime Minister, and an exchange between the Minister of Finance and myself had followed. One argument I find rather strange in light of this letter is that of the Minister of Finance, who says that as a result of the request of a provincial premier the government felt impelled to include this particular clause in the bill in its present form.

We now know, Mr. Chairman, that this request was made at the week end. This bill has been considered on second reading and has been to the committee in its present form, so how the request of Premier Johnson, which was a verbal request made at the week end, could affect the nature of the clause I fail to see. The form of the clause was determined upon weeks ago and was not conditioned by any intimation, either verbal or written, given by Premier Johnson. So I just cannot follow that argument.

I would agree that perhaps the government's decision to include the clause in the bill in its present form, in view of the events of the week end, has as far as the government is concerned served to bolster an extremely weak case. On the basis of the speeches made by the minister on second reading and prior thereto, there is no doubting the fact that we were left with the impression then and this afternoon—the term "diplomacy" has been used but I would put it on the basis merely of political peace—that that was the reason this particular provision was put in the bill.

Regardless of whether this is the result of diplomacy or political peace, or what you will, it is still my view that it is wrong in principle to allow provincial governments to enter into this field, when according to my interpretation of the constitution, and I think according to the interpretation of many other people, they have no business to do so. On the other hand, the provinces do not hesitate to tell us, please, to remain on our side of the fence in other matters, and for that we respect them. I think that to have a frank exchange of opinions in this regard is fine, as long as they know they are going to be heard.

I notice that the government is anticipating a vote of some sort, Mr. Chairman, because even the members of the defence committee are now coming into the chamber, so just for their benefit I think I should cover one other aspect of this question.

I should be much more interested in knowing from the minister what official intimation has been received from the government of the province of Alberta in connection with this legislation. All we have seen in print is some

very briefly reported comment from the provincial treasurer. I am sure that the minister has received an official communication from the government of the province as to its attitude toward the bill, and the applicability or otherwise of the bill to what are the principal non-bank operations in that province. I am referring to the treasury branches of the province of Alberta, which have very extensive operations, some of which are of a banking nature and some not. If the minister could tell the committee just what is the impact of this legislation on the treasury branches, then I think we could get a certain facet of this operation cleared up.

Mr. Sharp: Mr. Chairman, may I comment on the remarks which have just been made by the hon. member for Edmonton West. During the preparation of this legislation some discussions were had between the officials of the federal government and the officials of the provincial governments. During those discussions the officials came to the conclusion, and so recommended to me, that in order to promote co-operation between the provinces and the federal government it would be desirable to include in the bill a clause like clause 16(a).

Mr. Lambert: This is the camel in your tent.

Mr. Sharp: The hon. member then asked: What connection is there with the discussions which took place over the week end? During the discussions which took place between the Prime Minister of Canada and the Premier of Quebec, the Prime Minister reported to Mr. Johnson the nature of the debate that had taken place in the committee and the motion that had been made to strike out this clause. He said to Mr. Johnson: "We had believed that it was desirable, in order to promote the purposes of this legislation, that we should have such a clause, and I should like to know whether you consider that this is important, as we had concluded from discussions at the official level".

Mr. Johnson then told the Prime Minister that he believed it was important to retain clause 16(a), which requires a provincial government to give its permission before any of these institutions came under deposit insurance. That is why I said, when speaking earlier, that recent events had reinforced the views we had formed when preparing this legislation for presentation to the house.

• (8:10 p.m.)

The province of Ontario has made its views known in connection with this matter, in legislation. We have not yet had formal representations from Alberta, nor any indication yet of their intentions. As I said earlier, I sent to all the provincial ministers a copy of the bill and my remarks on second reading, so that they would be acquainted with our policy and intentions. I have had a reply from only one province, British Columbia, in which Mr. Bonner notified me that he would let us know the attitude of his government as quickly as possible.

I am not as yet in a position to say what the official views of the provincial governments are nor what their intentions are. I do not know, from discussions my officials had with the provinces after the introduction of the bill, that all provinces are interested in the legislation and urge us to proceed as quickly as possible.

Mr. Lambert: This reinforces me. I quite understand the attitude of the premier of Quebec. He is the only one who has really shown the views of his government. Obviously if he has obtained the right of intervening, consent or veto, he will not give that up. I look upon this much as I look on an old saying: Once the camel puts his head in the tent you are stuck with him. That is what I am afraid of; the provincial camels have their heads in the tent of banking. But there we are.

I cannot agree with the provision. The hon. member for Broadview has an amendment, and I do not know what his revised attitude may be, with regard to it. His party indicated it might take another look at it. I hope its members have been able to look at the contents of the letter from the premier of Quebec that I read into the record, which has no reference to this matter. There was a passing reference to the last paragraph of the Prime Minister's letter, but there was no question about a reference with respect to the consent of the provinces, or otherwise.

I will be interested in knowing from the hon. member for Broadview what are the intentions with regard to the amendment.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I very seldom agree with the Minister of Finance and Receiver General (Mr. Sharp) but for once and with regard to clause 16, I must admit—and I am pleased to say so—that I agree with the minister's idea to retain section 16(a).

It refers to institutions operating under a provincial charter and if we refer to Quebec financial institutions, they operate under a charter granted by the Quebec government. Besides, if those companies are provincially incorporated, it is quite appropriate for their operations to be subject to provincial control. And that is why it will rest upon the authority, in this case the provincial authority, to decide whether or not those institutions must contribute to the deposit insurance fund.

Then, Mr. Chairman, I want to tell the Minister of Finance and Receiver General that I, myself, support his decision to retain clause 16(a) in this legislation.

[*English*]

Mr. Bell (Carleton): Mr. Chairman, I do not intend to cover again the ground, I have argued earlier at length. I only want to say to the minister that I consider this subclause to be a real evil.

One of these days, and it may be fairly soon, there will be a reference, or a case before the Supreme Court of Canada in which the direct issue will be the interpretation of the word "banking". When that comes about I have no doubt counsel will take this particular clause and say, "Why, the Parliament of Canada itself admitted that it has no jurisdiction over deposit taking institutions incorporated by the provinces. Those deposit taking institutions are not within the field of banking."

Sir, that abdication, if permitted today, will become firmly and improperly imbedded in our constitution. It is because of that that I point out the evil, and I protest against it as vigorously as I can.

Finally I want to urge the minister again to have this parliament occupy the full field of its jurisdiction over banking. If the minister does occupy that field he will not have any difficulty.

Some hon. Members: Question.

Amendment (Mr. Gilbert) negatived: Yeas, 27; nays, 46.

• (8:20 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, in connection with clause 16—the hon. member for Mercier (Mr. Boulanger) can go out, it does not matter a bit to me, for I would rather speak in front of an empty seat than an empty head.

Clause 16, Mr. Chairman, reads as follows:

On the application of a provincial institution therefor, the Corporation may insure the deposits with the provincial institution in the manner and to the extent provided in this Act and the by-laws, if

[Mr. Grégoire.]

Subclause (b) reads as follows:

the provincial institution agrees, in carrying on its business, not to exercise powers substantially different from the powers exercisable by a trust company under the Trust Companies Act and a loan company under the Loan Companies Act; and

This means that we would ask a provincial institution to abandon the privileges it may exercise under its provincial charter, whereas it would have no other privileges, if it were given a federal charter. To me, it is irregular to ask a trust company or a loan company for instance, that is carrying on business under a Quebec charter or a charter from any other province, to abandon certain privileges in order to become subject to the terms of a federal charter only, whereas this provincial institution could benefit from some other advantages, if it had a federal charter.

Now, I would like to move an amendment to subclause (b) of clause 16. I shall read the amendment, Mr. Chairman. I do not know if I am going to have someone to support it, a seconder, but I am appealing to my friends opposite. Unfortunately, I could not explain the amendment to them, for lack of time, but I am going to read it and they are quite free to second it, should they wish to do so.

So, I move: That subclause (b) of clause 16 be amended to read:

"if the provincial institution agrees, in carrying on its business, to exercise the powers defined following an agreement between the Canada Deposit Insurance Corporation and the provincial authorities concerned."

The Canada Deposit Insurance Corporation and the provincial authorities could in this way open discussions in order to allow the provincial institutions to continue to take advantage of the privileges they may have. Therefore, I believe this motion is acceptable, and I see that my friend, the hon. member for Roberval (Mr. Gauthier), is willing to second it.

Some hon. Members: There is no need for another seconder.

Mr. Grégoire: Mr. Chairman, that is why I move this amendment, and I hope the Minister of Finance (Mr. Sharp) will not object, since after all the only change being made is that instead of compelling the provincial institutions to obey a fixed and definite rule, as can be found in subclause (b), they are allowed to use their powers which will be determined after discussion and agreement between the Canada Deposit Insurance Corporation and the provincial authorities concerned.

I feel, therefore, that the suggestion is wholly acceptable. The Minister of Finance will probably not object, since those powers will only be accepted after discussion and agreement between the Canada Deposit Insurance Corporation and the provincial authorities involved.

Mr. Côté (Longueuil): Do you have a copy of your amendment for the minister?

Mr. Lachance: Do you have an English copy?

The Deputy Chairman: By leave, I shall read over again the amendment moved by the hon. member for Lapointe (Mr. Grégoire):

That subclause (b) of clause 16 be amended to read:

"if the provincial institution agrees, in carrying on its business, to exercise the powers defined following an agreement between the Canada Deposit Insurance Corporation and the provincial authorities concerned."

[*English*]

Is the committee ready for the question?

[*Translation*]

Mr. Grégoire: Mr. Chairman, might the Minister of Finance and Receiver General (Mr. Sharp) not give us his opinion on this matter?

[*English*]

Mr. Sharp: Mr. Chairman, I cannot accept this amendment. I do not think it carries out the intent of the bill. The intent here is to see that institutions that apply for insurance are not carrying on businesses of quite extraneous character that might affect the security of the deposits that are made with them. The whole purpose here is to see that, if a provincial institution comes forward and wants to be insured, it is carrying on a business under the same lines as provided by the Trust Companies Act and the Loan Companies Act. A provincial institution does not have to be insured. There is nothing compulsory in this bill. This is a way of bringing about some homogeneity and uniformity in the kind of institutions that are being insured.

[*Translation*]

Mr. Lambert: Mr. Chairman, we share the views of the minister on that point as it ties in with the amendment we moved a few moments ago. We want uniformity, across the nation, in this regard. This matter lies within federal jurisdiction. We can avoid, then, seeing Alberta stepping on the left foot, and the British Columbia on the right, and Quebec, who knows, on either the right or the left foot.

Therefore, I feel that we should share the views of the member for Lapointe on that point.

Mr. Grégoire: Mr. Chairman, if you will allow me, it is obvious that this is federal legislation since it was introduced by the Minister of Finance and Receiver general.

None the less, it might happen that the legislation applies to provincial institutions. In any province, it will have to apply to institutions having a provincial charter.

Then, the fear inspired by the Minister of Finance and Receiver general clearly softens since the powers of such provincial institutions are defined not only by the Canada Deposit Insurance Corporation or the federal government, but jointly, after discussion between the Canada Deposit Insurance Corporation, which remains free to accept the terms, and the provincial authorities concerned, and these, also, will be free, according to circumstances. Consequently, this amendment would insure much more flexibility in the enforcement of the law in connection with provincial institutions and might allow a much greater number of these provincial institutions to become members of the Canada Deposit Insurance Corporation established under the act. This amendment would allow some provinces which, otherwise, would not give up the jurisdiction they have on provincial institutions, to agree to these provincial institutions joining the Canada Deposit Insurance program, for, then, the provincial authorities concerned will have had an opportunity to discuss with the authorities of the Canada Deposit Insurance Corporation and to enter into adequate agreements according to the circumstances in each province.

Then, I believe that if the minister will consider the amendment in that context, he will realize that it will introduce much more flexibility in the administration of the act, might allow a much greater number of provincial institutions to benefit from the legislation, in short, that it will make the act better and more profitable.

[*English*]

Amendment (Mr. Grégoire) negatived: Yeas, 3; nays, 78.

The Deputy Chairman: I declare the amendment lost.

Clause 16 agreed to.

• (8:30 p.m.)

Clauses 17 to 21 inclusive agreed to.

On clause 22—*Provincial institutions.*

The Deputy Chairman: Shall clause 22 carry?

Mr. Lambert: There is an amendment to clause 22, Mr. Chairman.

The Deputy Chairman: I thank the hon. member for Edmonton West for reminding the Chair that this clause has been amended by the committee on finance, trade and economic affairs.

Mr. Lambert: With the greatest respect. I think it is incumbent upon the Chair to draw to the attention of the house as a whole that there is an amendment because the house now is much more heavily populated than earlier today.

Some hon. Members: Oh, oh.

Mr. Lambert: Some hon. members may moan, but I believe we would proceed a little better in this way.

The Deputy Chairman: I should like to apologize to the committee for the oversight.

Shall clause 22 as amended by the committee on finance, trade and economic affairs carry?

Clause 22 agreed to.

Clause 23 agreed to.

On clause 24—*Reporting defects or breaches.*

Mr. Bell (Carleton): Mr. Chairman, on clause 24, could the minister indicate what real sanction or penalty there is here. Assuming there is a finding by the corporation that the member institution is following unsound business or financial practices, or is breaching the bylaws and a report is made and incorporated in the minutes of the member institution. If nothing happens, then what transpires at that stage? Where is there any sanction if the member institution simply ignores the report of the corporation?

Mr. Sharp: Mr. Chairman, the disciplinary action comes through the superintendent of insurance or the inspector general of banks reporting to the minister in the course of their regular duties.

Mr. Bell (Carleton): What disciplinary action could be exercised in that event?

[The Deputy Chairman.]

Mr. Sharp: The powers of the inspector general of banks and the superintendent of insurance are very extensive; they would extend to such things as publicity if necessary.

Mr. Bell (Carleton): Is there any power in the superintendent of insurance to suspend the operation of the member institution; is there any power in the inspector general of banks to suspend the operation of the bank charter?

Mr. Sharp: I am assured that while neither the superintendent of insurance nor the inspector general of banks could suspend such an institution, I could, as Minister of Finance.

Mr. Lambert: But, Mr. Chairman, there is nothing in the act which says that the minister shall suspend the operations of an institution if it has not carried out its undertakings with regard to deposit insurance. This applies to a federally incorporated institution so far as clause 24 is concerned. But in clause 25 there is the limitation which I think my colleague from Carleton is looking for under this clause; that is, the termination of the deposit insurance.

In this particular instance I am just wondering whether there would be a case for suggesting that, in the event there is a default we would proceed on a basis parallel to the procedure in respect of provincial institutions, and rather than suspend the whole operations of the federally incorporated firm or trust company that it be given notice of cancellation of its deposit insurance—which I am sure, provided the system is working right, will be a very great sanction and would not be quite the blunderbuss of putting it out of business, to which I believe the minister referred.

Mr. Sharp: Mr. Chairman, the dilemma, if it is a dilemma, is that all federal institutions, whether banks, trust or loan companies, which accept deposits must insure those deposits. We cannot at one and the same time declare they are not insured and insist that they must be. It would be incongruous for the corporation to make a report—this is what is envisaged in clause 24—and for me as Minister of Finance to permit those institutions to carry on business without restriction.

Mr. Lambert: This means that there is a mandatory death sentence on any federal institution for infringement of the deposit insurance regulations. On the other hand, a provincially chartered institution which might lose its right to deposit insurance can just

retire within its shell within the province and carry on business. I am afraid that the minister will be resorting to the guillotine in the case of any infractions. There is no lesser penalty with regard to a federal institution. There is under the operations of the Trust Companies Act and under the Loan Companies Act, but there is not under deposit insurance. I doubt that the minister has given the flexibility which he would like to have in practice.

Mr. Sharp: Licences under the Trust Companies Act and the Loan Companies Act, for example, are issued annually, and if I had received a report from the corporation to the effect that one of these institutions was following unsound business or financial practices I would issue the licence for the following year subject to certain conditions which would require them to change those practices. If they did not do that, of course they could not go on doing business. So, I have both the flexibility and the necessary authority. I do believe it is quite impossible to have both compulsory insurance and to have as sanction the withdrawal of the insurance.

Mr. Lambert: It is the same thing with the provinces.

[*Translation*]

Mr. Grégoire: Mr. Chairman, allow me first to rise on a question of privilege.

Earlier, I made some unkind remarks about the hon. member for Mercier (Mr. Boulanger). I would now like to withdraw them without any mental reservation. And I say that, at the present time, neither his seat nor his head are empty. I take everything back, Mr. Chairman, fully, without any restriction, and furthermore without being asked to.

The Deputy Chairman: Shall clause 24 carry?

Carried.

[*English*]

Clauses 25 to 44 inclusive agreed to.

• (8:40 p.m.)

The Deputy Chairman: Shall clause 1 carry?

Mr. Lambert: Did the Chair call clause 1?

Mr. Bell (Carleton): Perhaps we should deal with clause 12(2).

The Deputy Chairman: Is it the wish of the house that we now consider clause 12 in respect of which there is a pending amendment for consideration?

Mr. Lambert: Clause 2 should be considered first.

The Deputy Chairman: We shall proceed by considering clause 12, to be followed by clause 2 and clause 1.

Mr. Lambert: I am sorry, Mr. Chairman, but clause 12 is consequential in respect of whether or not the amendment to clause 2 is accepted. Therefore I believe we should proceed with the consideration of clause 2.

The Deputy Chairman: Following the suggestion of the hon. member for Edmonton West we will now consider clause 2.

On clause 2—*Definitions.*

Mr. Sharp: Mr. Chairman, an amendment proposed by the hon. member for Edmonton West to clause 2 is now before the committee for consideration. It is:

> That clause 2 subclause (e) be deleted and that the following be substituted therefor:
>
> "(e) deposit means any obligation of a member institution payable in Canada in Canadian funds to the holder thereof on demand or on notice within a maturity date of five years from the making thereof."

During the dinner interval my officials have looked at this proposed definition and I should now like to give the committee some of their considerations, which I think will persuade them that this amendment is not suitable, and why it might throw doubt upon the ability of the committee at this stage to incorporate a definition which might be sufficiently comprehensive or exact—

Mr. Lambert: How do the officials acquire all the science?

Mr. Sharp: Let me comment on the deficiencies of this definition. It says that "deposit" means any obligation of a member institution payable to the holder thereof. That suggests it covers bearer instruments such as trading securities, bearer bonds or something of that character. It is not our intention to cover that kind of instrument. Our intention is to cover what might be termed "deposits", although it is very difficult to define them.

In addition to what is mentioned in this amendment we want to cover instruments payable at a fixed date rather than on demand or on notice. I referred to that in the course of my remarks on the definition of "deposit". We intend to cover not only deposits payable on notice or demand, such as would be found in trust companies and, in

some cases, in banks, but also instruments payable at a fixed date. They would not be covered by this definition.

Mr. Lambert: Oh, no.

Mr. Sharp: They would not be covered because this amendment states, "payable to the holder thereof on demand or on notice within a maturity date of five years". That would not cover the deposit that is payable at a fixed date. We may want flexibility in order to cover the type of instruments to be insured, although there is no desire to go beyond five years. It would be unfortunate if during discussions with the provinces we found that we wanted to go beyond five years. This is not a substantial point and I do not urge it strongly. There are some substantial difficulties involved in this definition which are more important.

We want to lump together all deposits by a particular person in a given institution, and this definition would not enable us to do that. This would treat each separate obligation as a deposit to be insured, and that is not our intention. We do not want anyone to circumvent the intention by getting insurance of more than $20,000 in any particular institution. This proposed definition would upset that intention.

We also need special provisions to deal with obligations on the books of institutions at the outset of the plan. For example, what would be the situation under this definition in respect of a ten year investment security that has only two years to run, when this act comes into force? Such an investment would also fall outside this definition. We want to deal with certified cheques, drafts and money orders on the books of member institutions in order that they may be insured.

The phrase "any obligation" as it appears in this proposed definition is so broad it would include trading debts and go far beyond receipts for money deposited. Those are some of the difficulties which have occurred to my officials on a cursory examination of this definition. With a little more time I am sure they could find ten more. These also illustrate the difficulties involved in trying to find a definition of "deposit" which will not unnecessarily limit the effect of the legislation.

It will be necessary for the bylaws of corporations to have quite extensive definitions to cover a multitude of deposits. I am very reluctant to suggest any definition at this time because I believe it might be unnecessarily limiting or, on the contrary, might require us to insure obligations beyond the intent of the legislation.

Mr. Lambert: Mr. Chairman, I put forward the amendment in an attempt to find a basis for a definition of "deposits". I certainly agree that when putting forward a manuscript amendment during the course of a debate in committee one cannot necessarily cover all the points involved. The fact that the minister's officials have been able to suggest that this amendment could not cover all the requirements is a clear indication that they did not do their homework and come up with a definition, so this committee would know precisely what this bill covers.

While I recognize and object strenuously to the philosophy behind this measure, let me make it clear that we should not give a blank cheque to officials without providing some kind of review. We should know specifically what obligations are to be covered by this bill, and a definition of the term "deposit" should be clearly spelled out. Under the terms of this measure the officials could determine that the pay-off could be made in green cheese from the moon and we would have no review. Of course I use an extreme example.

Mr. Knowles: In this day and age that may not be too far beyond the realm of possibility.

Mr. Lambert: As the hon. member for Winnipeg North Centre suggests, green cheese from the moon may not be beyond the realm of possibility.

Mr. Knowles: That may happen before very long.

Mr. Lambert: I am confused and amazed by the attitude of the minister in this regard. He has said the department is experiencing difficulty and requires more time to consider this definition. I am sure the minister will agree that he has been considering deposit insurance since July or August of last year.

What on earth has been done in the past six or seven months to determine or define what is a "deposit"? We are now told that we must wait while another conference is held to determine what is meant by "deposit", yet we are not to be given the right to review that determination. I do not care what they say about the definition, but if hon. members want to study the mechanics of house rules in respect of the regulations to be made under this act they will realize, if they allow it to go

through as it now stands, that they may as well kiss goodbye to any possibility of review.

• (8:50 p.m.)

There is no provision at all that the regulations shall be brought before, say, the standing committee on finance. I am sure the hon. member for Charlotte would be most interested, as a member of the committee on finance, trade and economic affairs, in seeing what will happen in this regard. There is nothing that requests the government or makes it obligatory upon them to have this matter examined by the committee, to see whether it is worth while.

The minister says, "I will draw a great big sheet over this question now, and it is forever hidden from the House of Commons. My boys will look after it. You can trust us". Mr. Chairman, I do not trust them. As a member of parliament, I am concerned about this question, as I think every hon. member should be. We are being asked to pass legislation to deal with a very pressing problem. What is being done? It is being fobbed off to somebody to determine just how far this measure will go.

I would suggest that the minister has shifted from the position he took before dinner to that which he has taken after dinner with regard to the items that would be covered. We were told categorically that the period would be five years, but now the minister says we might go beyond five years. We want to take another look at this question. We do not know, nor does the minister, what this bill will cover. For this reason I confess that I am very disappointed in the bill.

The Deputy Chairman: Is the committee ready for the question?

Mr. Lambert: Mr. Chairman, in so far as the amendment in concerned, I want to see it and I will call for a vote on the amendment.

Mr. Sharp: Mr. Chairman, the hon. member of course has that privilege, but I suggest to the committee that this would be a very unsuitable amendment to accomplish the purposes that all of us have in mind. I understand the wish of the hon. member to have this question of deposits defined somewhat more carefully. But may I point out that the government does not have very much leeway to add to the burdens upon the treasury nor to reduce them very much, because the main limitation on the insurance is that of $20,000.

I suggest to the committee that in view of the wishes of all the provinces that they should have an opportunity of discussing the kind of instruments that are issued by their institutions, we should approve this bill giving the governor in council the authority subsequently to approve the bylaws. It would not be disagreeable to me at any time if the bylaws and the approval of the governor in council were discussed in any committee. I have no doubt whatever that we shall be back to parliament within a year or so to ask for amendments to this bill on the basis of experience, at which time we will have plenty of opportunity to take positive action in this house to determine more precisely than we are in a position to do now the definition of "deposit".

Mr. Lambert: Mr. Chairman, I will make a reasonable offer to the minister. If he would undertake that the regulations will be tabled in the house within 15 days of the promulgation of this bill, or within 10 days of their proclamation, and that they shall be referred to the committee on finance, trade and economic affairs for consideration, I am quite prepared to withdraw my motion. But imperfect as my amendment may be, I want to register the intentions of this house with regard to the definition of "deposit", to make the bill meaningful.

Mr. Sharp: Mr. Chairman, I will certainly do everything I can to co-operate with the hon. gentleman and the house. The government has no objection to having a discussion in the committee on the terms of the bylaws of the corporation. I should point out, however, that I have no doubt, also, that before many months pass we shall be amending the definition of "deposit" on the basis of later experience. The great advantage of having a little flexibility is that we shall be able to do this and will not require to come back to the house within a short period of time and ask that some of the mistakes we have made in the definition of "deposit" be corrected in the house.

Mr. Lambert: Mr. Chairman, I want this matter referred to the committee on finance within 10 days of the promulgation of the bill, if parliament is sitting, or 15 days if parliament is not sitting. Then we can consider this matter.

Mr. Sharp: Mr. Chairman, I am personally willing to give an undertaking that we will do this as quickly as possible. I see no reason why it should not be within 10 or 15 days, as the hon. member says. The regulations will be

published, and I have no objection to their being discussed in the committee.

Mr. Lambert: I am satisfied with that, Mr. Chairman. Then, with the consent of the committee I will withdraw my amendment to paragraph (e) of clause 2.

The Chairman: Order. Does the committee give unanimous consent for the hon. member for Edmonton West to withdraw his amendment to clause 2?

Some hon. Members: Agreed.

Amendment (Mr. Lambert) withdrawn.

Clause 2 agreed to.

The Chairman: The committee will now consider clause 12.

On clause 12—*Powers of directors and bylaws.*

Mr. Bell (Carleton): Mr. Chairman, the minister was going to consider over the dinner hour the last part of this clause, namely lines 21 and 22.

Mr. Sharp: Mr. Chairman, I am advised that the wording of clause 12, subclause 2 is copied from the Bank Act, in which the right to delegate powers conferred upon the directors as commissioners under the Inquiries Act is similar to the powers which can be delegated by the inspector general of banks. This wording was carried forward from the Bank Act and involves the same sort of powers. I do not know whether the hon. member has a substantial objection to this wording. I think it is desirable that the corporation should have powers similar to those of the inspector general of banks in relation to the Bank Act. They may be useful, and I do not think they extend the powers under the Inquiries Act to an undesirable extent.

Mr. Bell (Carleton): Mr. Chairman, the objection is that we have no means of knowing to whom these very great powers under the Inquiries Act may be delegated. I have no objection if this house knows who may be exercising these powers, but here it may be any person. The clerk in the office, for example, would have the power to compel an examination and take evidence on oath, to seize books and command the production of books. There are very substantial penalties for refusing to do this. I believe there should be supervision in this respect. Under part II of the Inquiries Act the commissioner is a person who has been designated as such by the minister with the authority of the governor in council. Here we know not to whom these powers may be granted. I object to this situation.

The Chairman: Shall clause 12 carry?

Mr. Bell (Carleton): On division.

Clause 12 agreed to.

The Chairman: Perhaps this would be a proper place for me to point out to the committee that in the original bill clause 45 was deleted by the committee on finance, trade and economic affairs and was not called during the discussion of the other clauses. Shall clause 1 carry?

Clause 1 agreed to.

Title agreed to.

The Chairman: Shall I report the bill as amended?

Bill reported.

• (9:00 p.m.)

Mr. Deputy Speaker: When shall the bill be read the third time? By leave, now?

Mr. Lambert: Since amendments have been brought in the house would normally expect the bill to be printed with the amendments and the measure would be given third reading tomorrow. However, in the spirit of cooperation, we are quite agreeable to letting the bill go through with the amendments, and for it to be read the third time tonight.

Mr. Deputy Speaker: Shall the bill be read the third time, now?

Some hon. Members: By leave.

Mr. Bell (Carleton): You will put the motion, will you not, Mr. Chairman? I wish to speak on third reading.

Mr. Sharp moved the third reading of the bill.

Hon. R. A. Bell (Carleton): Let me say that I am enthusiastically in favour of a system of deposit insurance, and this bill makes some progress toward that end; but I want to express certain reservations which I have felt from the outset. There are grave dangers attached to this bill by reason of the fact that it amounts to an abdication by this parliament of the authority of the federal parliament over the field of banking.

I believe the minister has approached this question in the wrong way. He ought to have brought into the field of banking all the functions of the so-called near banks. Then this

legislation would have been universal and it would not have depended upon the consent or the authority of any of the provinces. If he had done that we would not find ourselves in the situation in which we find ourselves tonight, a situation in which this parliament is admitting that there is a field of banking over which it has no jurisdiction. I, for one, dispute that attitude completely, and when the subject of banking is before the Supreme Court of Canada I hope the admission made in this bill will not be used against the authority of the parliament of Canada in this field.

I trust that in the near future the minister will decide that he will occupy the whole field of banking, as was intended in the British North America Act.

Mr. Donald S. Macdonald (Parliamentary Secretary to the Secretary of State for External Affairs): I intend to make only a few remarks in response to what the hon. member for Carleton (Mr. Bell) has said, and also in reply to remarks made by the hon. member for Edmonton West (Mr. Lambert) earlier in the proceedings on this bill.

As a good lawyer, the hon. member for Carleton knows that this parliament can neither appropriate nor abdicate a power conferred under the British North America Act. His suggestion that by this bill the federal government is in any way abdicating its power in the field of banking is therefore, as he knows, entirely false and misleading. If it should happen that this bill or any question with repect to jurisdiction over banking goes to the Supreme Court of Canada, the court will decide the issue in accordance with the law as it stands, and not in accordance with any statutory assertion made by this house or by any provincial assembly.

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

An hon. Member: On division.

Motion agreed to and bill read the third time and passed.

WAYS AND MEANS

The house in committee of ways and means, Mr. Batten in the chair.

OLD AGE SECURITY ACT

Resolved that it is expedient to amend the Old Age Security Act to provide that for the 1967 and subsequent taxation years the maximum old age security tax payable on the taxable income of an individual be increased from one hundred and twenty dollars to two hundred and forty dollars.

Mr. Knowles: It is not my wish to carry on ad infinitum or ad nauseam or in any other way the discussion which the Minister of Finance and I were having last night. But I should like to say another word or two with respect to the point I was trying to make.

It is my contention that the Minister of Finance is trying to have it both ways with respect to the raising of taxes for old age pensions. On some occasions he tells us that the old age security fund must be kept in balance. He goes on to say that we must look ahead and consider the charges to be made on that fund in the years immediately in front of us, and that our whole plan of old age security pensions must be related to the concept of a fund which is kept in some kind of balance. But when I pointed out last night that less than half of the new taxes now being raised will go into the old age security fund he replied that what had to be taken into account was cash inflow and cash outflow, and not the fund. His exact words as recorded on page 12998 of *Hansard* for yesterday were:

> The question of what goes into the fund and into general revenues is not relevant to the question of how much cash is needed.

In other words, the minister argued last night that although he is collecting $135 million in additional old age security taxes and putting that money into the old age security fund, what has to be considered is that the $155 million he is collecting from an increase in the sales tax, and which does not go into the fund, must be looked on as part of the inflow required to meet the outflow. In other words—and I see that I am stating the minister's position to his satisfaction, at any rate—the hon. gentleman is arguing that pensions are on a pay-as-you-go basis. This is what I have in mind when I say the Minister of Finance is trying to have it both ways. He throws the old age security fund at us when it suits his purpose. He would not agree to our contention that there was a balance in the fund at the present time and that no immediate increase is needed, asserting that one must look ahead and consider the needs of the future, when more money will have to be put into the fund. But when the minister is asked to explain the fact that he is not putting all the money into the fund, he says: "That is irrelevant; what matters is cash inflow and cash outflow." This is looking at the old age pension question strictly on a pay-as-you-go basis. Frankly, I favour that basis. Frankly, I think that was the essence of the

old age security concept. I thought that the fund was irrelevant, but the government keeps using the fund when it suits its purpose.

• (9:10 p.m.)

It was for this reason I contended last night that the government was misleading the country in this particular instance because it had talked about two quantities as seeming to be related to each other. The government has talked about the fact the extra money for pensions will amount to $280 million a year. On the other hand, it has talked about taxes of $290 million a year. The impression has been created therefore that these taxes have been made necessary by the increase in the old age pension. When we get down to the actual bookkeeping the minister is doing, he admits that he is putting into the fund $135 million from raising the ceiling on the old age security tax, but the other $155 million is not going into the fund at all; it is going into general revenues. This is part of the basis of my charge that the minister is misleading the country.

The impression is created that all this money is being raised for old age pension purposes whereas, in point of fact, the 1 per cent increase in the sales tax, which we will be discussing in the next resolution, is not going into the old age security fund at all; it is going into general revenues. People believe they are having to pay this 12 per cent tax because of the increase in the old age pension. However, the money is not going into the pension fund, it is going into general revenues.

If the minister wants to come back and say the fund is irrelevant, as he said last night, then I suggest he should ask for the abolition of the fund and for the acceptance of the fact that old age pensions are, as in my view they ought to be, on a pay-as-you-go basis.

Mr. Sharp: May I comment briefly, Mr. Chairman, on what has been said by the hon. member for Winnipeg North Centre. First of all, as he is aware and as I put on *Hansard* for December 19, page 11033, the fund itself during most of its life has been in substantial deficit. These deficits were to be found in the fund in every year from 1951-52 to 1959-60. There were small surpluses in 1960, 1961 and 1962. Then the fund went into deficit again. Part of these deficits were written off. This fund has never been, in that sense, in balance or anything like it.

[Mr. Knowles.]

In my speech on December 19, I dealt with two separate questions. The first question was the responsibility that parliament had toward the old age security fund, that is that it should be more or less kept in balance. This responsibility has been honoured more in the breach than in the observance. At any rate, that is the responsibility that is laid upon the government, to propose measures to keep the fund broadly in balance. As a means of doing that, I proposed that there should be an increase in the ceiling on the 4 per cent tax. This discharged the responsibility of the government toward the fund. Although as I say, in the past if you take the whole history of the fund there has never been enough in the fund to pay the costs of old age pensions, nevertheless as long as we have the fund we have a responsibility to keep it in balance.

I proposed changes in the old age security tax that will ensure that the fund is kept reasonably in balance for the foreseeable future. I did not feel I should make provision beyond a few years because that would be usurping the authority of later parliaments.

Then, as Minister of Finance, responsible for the finances of the country, I had to provide for the extra outlay over and above the amount that I was putting into the fund. From the point of view of the finances of the country, there was no place I could get the money except either from taxes or borrowing. There are no funds lying around in the old age security fund, for example, of which I am able to get hold. I did what I felt was wise, and what I think has appealed to the country as a whole, and that is that to the extent that government expenditures over all were being raised at that time by some $280 million, it was in the public interest that they should be offset by tax revenues, whether the moneys went into the old age security fund or whether they went into general revenues.

Mr. Knowles: If there is no fund into which the minister can dip to find the money when we want to raise old age pensions, why does he argue that there is a fund that has to be replenished when, according to the books, it is in deficit?

Mr. Sharp: Well, Mr. Chairman, I have felt that I had a responsibility, since the old age security fund was established, of seeing it remains in balance or that it did not run into a big surplus, and I discharged that responsibility. Sometimes in the past it has been neglected. I did not feel, as Minister of Finance, that I should neglect that responsibility or

that duty. It was for this reason I made two separate provisions, one of them to keep the fund reasonably in balance in the foreseeable future, and the other to raise the remainder of the money which, one place or the other, I had to find.

Mr. Knowles: I will keep my promise not to carry on this discussion interminably. It seems to me that the conversation we have had back and forth does underline the fact that this fund is just a device to be used in argument as to whether or not the pension should be increased. I hope that the day will come when the bookkeeping and the legislation will reflect the reality of our pension situation, namely that it is and should be on a pay-as-you-go basis.

Mr. Johnston: I listened with interest to the reply of the Minister of Finance concerning the necessity for this extra tax for old age pensions. He may feel that his approach has been well received across the country, but I can assure him he does have critics. Within the last few days, I have received this petition signed by over 90 people. I should like to read a bit of the preamble to the petition as an indication of the thoughts that are in the minds of some people concerning this matter:

> We the undersigned members of the old age pensions group No. 17 Winfield, B.C. and sympathizers of this group do protest the insinuation of Finance Minister Sharp in his speech on television pertaining to the cost of the increase in old age pensions whereby like all skilful politicians who do not make an iron clad statement at any time, but imply that the cost of the increase in old age pensions is the cause for the increase in taxation and increase in taxation means increase in the cost of living.

The community from which this resolution comes is a very pleasant one indeed. It has a goodly proportion of old age security pensioners, so it was not a difficult task, I am sure, for people to obtain over 90 signatures to this petition. I can understand the minister when he says his approach was well received because I know from my own reading that he was given a very good press across this nation for what was regarded as a very hard-headed approach to this particular addition to payments that are generally regarded as being part of the welfare payments. In some ways this hard-headed approach, I suppose, provided a certain balance for the guaranteed annual income scheme of the Minister of National Health and Welfare, which in many quarters was regarded as being something rather radical. At the same time, these old age pensioners had this petition drafted to make a point. They go on to inquire why certain other expenses have not had certain taxes raised as a means of covering these expenditures. They mention the costs of Expo '67 and the cost of aid to foreign countries, for example. I am not using these examples to suggest in any way that these projects, Expo and aid to foreign countries, are not worthy. The point is that the Minister of Finance knows that they are very worthy. Indeed, he would not want to impose any tax on these particular sections of government spending because they would then provide too easy a target for criticism.

• (9:20 p.m.)

With the old age security pension, which everyone in the house agreed well over a year ago had to be increased, there was no alternative but to increase the pension. The minister is perfectly free to point out that a certain tax has been applied to produce the revenue required. Although this may annoy some sections of the populace, there can be absolutely no possible demand that any of the amount paid to the old age pensioners should be reduced to prevent this increase in tax. The minister is perfectly safe in designating a tax as providing for this particular area of government spending. I very much doubt whether within one year's time when the medicare plan comes into operation it will be spelled out very clearly to the people of Canada which particular section of the tax bill is applied toward offsetting the cost of that particular scheme.

The sad thing about the reference to a tax designated for this specific purpose is that it strikes again at the heart of the concept of the guaranteed annual income, a policy that I urged the minister to put into practice some time ago and which he took up.

I realize that the mini-budget is unnecessary. Had the government acted with dispatch the minister's main budget would have included the provision for the old age security pension increase. It was obvious at the time the budget was introduced that something had to be done; that the old age security pension was a national scandal which would have to be rectified some time during the year. There was no way around that. The thing is, I suppose, that there was a hope that the Canada Assistance Plan would prove sufficiently palatable to allow the postponing of any increase in the old age security pension.

When this proved unworkable, then the government was happy enough to bring in the

guaranteed annual income scheme, because this was a difficult concept and required several months of working out, thus giving the Minister of Finance time to dream up additional sources of extra revenue. But this hits at the heart of the idea that was in the mind of the minister of health and welfare when he talked of guaranteeing a certain income. It is basic to the idea of the guaranteed income that it is given as a right of the people.

The unfortunate thing about using this tax increase in this way is that the supplement to the old age income takes on the appearance of an extravagance instead of a right. It is as if the minister were saying: "All right, if you want that you will pay for it another way". I am sure that this is causing a great deal of annoyance, even anguish, to our old age security pensioners, many of whom regret that the basic pension was not first raised and the guaranteed income used to supplement that amount. Some of these pensioners will not profit very much from this supplement.

Therefore, Mr. Chairman, I think these petitioners are on good ground. The last paragraph is as follows:

> Our government talks strongly of the wealth and prosperity of our people. We think finance minister Sharp should apologize to the old age pensioners for such an insinuation. If the government needs a scapegoat why don't they get someone more able to fight back than the old age pensioners?

Certainly this group, Mr. Chairman, is not in a position to fight very effectively against this measure that will, after all, provide them with some assistance. However, I regret that the minister, perhaps through lack of foresight or through failure to realize the determination of the people of Canada to insist that something be done for our old age security recipients, should have chosen this particular area to teach his hard-headed lesson in economics to the people of this country.

Resolution agreed to.

The Deputy Chairman: The committee will now proceed to the consideration of a certain proposed resolution to amend the Excise Tax Act.

EXCISE TAX ACT

Resolved that it is expedient to amend the Excise Tax Act to provide that, effective January 1, 1967, the rate of the consumption or sales tax imposed under section 30 of the said act be increased from 8 per cent to 9 per cent with respect to all goods subject to the said tax, except articles enumerated in Schedule V of the said act and building materials that were exempt from the said tax immediately prior to June 14, 1963.

[Mr. Johnston.]

Mr. Monteith: Mr. Chairman, I do not wish to hold up the committee but I should like to reiterate my previous comment that this tax is hitting the very people to whom the minister in his budget speech on December 19 intimated he was attempting to present a Christmas present. This increase in the sales tax on all goods other than building materials, and so forth, of 1 per cent is going to hit the very people it presumably is intended to help.

As I have tried to argue before, I am not in a position to say what a difference of 1 per cent actually means to the consumers, but at any rate it does amount to a substantial sum to the pensioners who will have to buy clothes and other essentials out of their $75 plus. I say "plus" because a means test is applied above that amount, and in most cases the old age security recipients will not get the full amount.

This tax will undoubtedly increase the cost of living. We know that the people of Canada as a whole are being taxed to the very limit and beyond. We are now imposing a 1 per cent increase in the sales tax and this will affect everyone. I am not pleading the case of the medium income or high income groups; I am pleading the case of the low income group, people who will definitely be affected by this increase to the same degree as people in the higher income brackets.

I can only repeat that this increase in sales tax is detrimental to the welfare of the country. It will certainly increase the cost of living and will hit those old age security recipients whom the minister has intimated were going to be given a Christmas present.

Mr. Knowles: Mr. Chairman, while we had some discussion on the other resolution we did not register any objection to it. We are in favour of the idea of raising the ceiling of the other tax; as a matter of fact we think it should be taken off altogether. But this resolution is a different kettle of fish. We are opposed to this increase and we shall make this clear at the appropriate opportunity if we do not manage to make it clear in debate.

We think that a further increase in sales tax at this time is inimical to the functioning of our economy. We think it is unfair to the consumers of this country, and that means all of the people of Canada. We think it is particularly unfair to the old age pensioners, on two counts. In the first place it is unfair to them because it effects an immediate increase in the cost of many items they have to buy,

and therefore cuts into the increased pension that some of them will be able to get.

• (9:30 p.m.)

It is also unfair to our old age pensioners, and this is the second point I alluded to a moment ago, because it creates across Canada the notion that this tax is made necessary because of the increase in the pension. No matter how much the minister may want to argue the difference between cash balances and fund balances, this legislation is drafted to make clear that the 1 per cent increase now being asked for in the sales tax is not for old age security purposes.

At present the federal sales tax is 11 per cent, made up of 8 per cent as a general tax and 3 per cent for old age security. If this resolution and the bill to be based on it passes, we shall have a 12 per cent federal sales tax, of which 9 per cent will be general tax and 3 per cent will still be for old age security purposes. In other words, when people have to pay 12 per cent instead of 11 per cent they are contributing the additional 1 per cent in sales tax to the general revenues of this country, despite the impression left across Canada that this additional percentage point is related directly to the old age pension question.

These two quantities, $290 million of taxation against $280 million of increased pension make, I would say, 99 people out of 100 think that what I have alluded to is the purpose for this increase in the sales tax. In this connection there is no more reason why old age pensioners should be labelled as responsible for a particular segment of our taxation than other items on which we spend federal money. If we are to follow this principle, why not have our taxes divided into little compartments, so that we know how much we pay for national defence, airports, to subsidize the railways, customs services and a whole raft of things. The hon. member for Edmonton West says it might have been further divided—by provinces.

We do not do that. We accept the theory of government finance and the theory of civilization as we know it, that taxes levied according to ability to pay are put into a common fund. Out of that fund we meet the costs of the services required for our kind of society. I do not think old age pensioners should be singled out for the complaint that is levelled against them by this kind of taxation method, that they are a particular charge on the funds of the country.

Even calling these things transfer payments is not really in keeping with the kind of society we have today. I want to register most strongly our objection to this tax, to this increase from 11 per cent to 12 per cent, to this increase in general sales tax from 8 per cent to 9 per cent. I want also to register my strong objection to the way this has been done, creating the impression that old age security is this kind of particular charge on the revenues of this country, on our economy. Old age security has as much right as a charge on our total revenues as has national defence, roads, airports and any of the other services we provide. That is the way it should be, instead of this business of pinning it down and somehow attaching a stigma to our old age pensioners.

Let it be clear, if we can possibly make it clear to the country, that the sales tax change being asked for is not for an increase in the old age part of the sales tax. It is for an increase in general sales tax. When the tax becomes 12 per cent, if it goes through, the old age security tax will still be 3 per cent. The general sales tax is being raised to 9 per cent, and when people have to pay this extra money it will go into the general funds of this country.

Mr. Lambert: Mr. Chairman, many of the remarks of the hon. member for Winnipeg North Centre are applicable to the criticism of the division of tax. The minister tried to justify the imposition of this tax at the time of the budget. He justified it as paying for increases in the old age security. The position of this party was that there was sufficient in the old age security fund to pay for the increases which, after all, will not be disbursed until late next month or possibly in April. There was no great rush to get money into the old age security fund.

But when we look at the tax increase, that is not the way it will be done. None of this money will go into the old age security fund. It will go into the consolidated revenue fund. Next year, if the old age security fund has enough in it to pay the demand upon it, the minister can apparently turn around and use any of this money in the consolidated revenue fund for practically any purpose. One wonders at all this when he looks at the minister's position with regard to the necessity for delivering his budget late in December, after many postponements. As I said in the budget debate, the minister's dilemma was whether to tax or not to tax.

He had to justify giving the budget speech. In August or September he had unfortunately said, apparently to take pressure off the government because of the increase in the cost of living, that he would bring down a budget. That pressure was the primer of the movement. Of course, the budget must be justified by some tax measure.

How convenient it was, Mr. Chairman,—how convenient. There is the promise to provide up to $30 a month for persons under a so-called income test. There was no need for money until March. We must remember that the tax was not to spoil Christmas, because the voters might get excited; so, from January 1 we had a 1 per cent increase in the sales tax.

The government came along and said to the older people of this country: "Look at the good boys we are. We are giving you a fine Christmas present, a fine end-of-the-year present with the increase in old age security payments for those people who need them." I should not say, "need them", I should say, "for those whose incomes are below a certain level."

● (9:40 p.m.)

But they did not turn around and say to them "We will take all of that increase, plus some more, from each and every one of you." There is no doubt that the full sales tax is paid, whether it be by a four-year-old infant who buys a taxable item, or an 85 year old senior citizen. The tax is paid by all concerned, and therefore the older persons are paying their share of the increase through taxation.

It was the same thing two years ago at the time of the introduction of the Canada Pension Plan. There was a gap for persons aged 65 to 70 and the government came along with a great fanfare of trumpets, introducing an amendment, something like a little trailer or rumble seat operation, whereby over a period of five years the government would pay old age security to older people progressively downwards from age 70 to 65. But the government did not tell those people that they were going to lose their $500 exemption under the Income Tax Act, and there was that loss for people between the ages of 65 and 70. There was also to be a diminution in benefits under the War Veterans Allowance Act.

Oh yes, Mr. Chairman, the government was handing it out with one hand, and with a number of hands was withdrawing a good deal of the benefit that elderly persons were deriving from the increase in old age security.

I believe the government should admit what it is doing, should tell old age pensioners just how their pension increase is being financed and how much they themselves will have to pay for it; but I will wager my bottom dollar that there will not be one piece of government propaganda to that effect when they describe social welfare measures. Millions of dollars were spent to publicize the Canada Pension Plan, but the publicity never mentioned the negative aspects of the amendments to the Old Age Security Act, the Income Tax Act, and the War Veterans Allowance Act to indicate what was being withdrawn from the elderly people.

The Minister of National Health and Welfare goes around the country trumpeting about this increase to $105, this so-called guaranteed minimum income for elderly persons, but he does not dare tell them that they are paying for part of it through this increase in tax.

This is the only justification for the mini-budget because in the minister's speech, which no doubt somebody prepared for him, we heard a lot of self-evident observations and platitudes with regard to the state of the economy. It was interesting to note that many of the members on the government side did not even utilize the time available to them during the budget debate to review the economy or to plead with respect to particular problems presented to them by their constituents. A budget debate is much like a Throne Speech debate. Participation by members on the government side is expected to be equal to that on the opposition side, or even greater if the government has a majority. This is as it should be if there is going to be meaningful examination of the state of the economy.

Mr. Sharp: Does the hon. member think we ought to go through a budget debate like this twice a year? Does he not think it would have been a better use of the time of the house if this debate had been foreshortened?

Mr. Lambert: Members of the opposition used the time available to them in a responsible manner to discuss the economy, but the non-participation of government members was the sort of slick operation that the minister likes to see. Mr. Chairman, the minister had no need to bring in a budget at all. He is the man who occasioned the use of six days on a budget debate because it was the government's decision to bring in a mini-budget. It was not done by decision of the opposition,

and under those circumstances the opposition accomplished what it had to do. It discharged its responsibilities in examining many aspects of the economy.

Mr. Sharp: So did members of the government.

Mr. Lambert: For the first two days they did not participate at all.

Mr. Sharp: The major speech in this debate was made by the Secretary of State for External Affairs.

Mr. Lambert: I suppose the biggest blanket of smoke was spread by the Secretary of State for External Affairs, because from his convoluted phrases one has a great deal of difficulty extracting any iota, any glimmer of government policy. However, Mr. Chairman, we will now get the bills and I think they will be fairly short.

By the time we next discuss the Excise Tax Act I hope we will have seen the Carter commission report. If I remember rightly, its appearance should be just around the corner, although it has been a corner with many curves in it over the years. It has been difficult to reach the corner and see what is ahead, but I hope we shall reach it soon. When we do we will be able to make up our minds whether the excise tax can be changed so that this increase to 12 per cent may not be necessary. Quite frankly, the spread between the prices of commodities which are subject to excise tax, and the prices of commodities which are competitive as to use and not subject to excise tax, is far too wide, now that the tax has reached 12 per cent. That spread was too wide even at 8 per cent or 9 per cent, and it is getting worse as time goes on.

Mr. Pugh: Mr. Chairman, I would like to speak briefly on the amendments to the Excise Tax Act which raised the sales tax from 8 per cent to 9 per cent on most of the articles sold in Canada. Like other hon. members I deprecate the attitude of the government in blaming old age pensioners for this increase in the sales tax. The government has to get the money somewhere, but it turns around and says, "You dear old people over 70 years of age are the cause of all this." To my mind that is wrong. As other speakers have pointed out, it was wrong in inception, wrong from the start, and wrong at the finish.

Members sitting on the government benches have never changed their minds with regard to old age pensioners. In 1957 those members were only too glad to say, "We are going to give you $6." From that time on they were known as the Six Buck Boys. On that occasion everybody in opposition said, "No, that is not enough." The Liberal party lost the ensuing election.

When the Conservative party took office it said the minimum rise should be $15, and that is what we paid. Later it gave a further increase over and above that $15. The old age pension was $40 under the Liberal régime. It was increased to $55 under the Conservatives and again to $65 under the Conservatives. Then what happened?

Mr. Sharp: It went up to $105.

Mr. Chrétien: Under the Liberals.

Mr. Pugh: The minister says it is up to $105. Never has a more stupid statement been made in this house. If you will bear with me for a minute, Mr. Minister, I will tell you exactly why I say that. You were one of the people who sat in this house after the 1963 election, during which you promised the old age pensioners $75, and said, "No, no, no; we never said $75. That was only an election promise and we really did not mean it."

• (9:50 p.m.)

Many said that they did not even promise it. I listened to this on many, many platforms. I heard Liberal candidates stand up and say "$75—the heck with that; $100 it should be". In any event, what I am trying to tell the minister and all his colleagues is that after coming back here, for years after 1963 they resisted any increase in the pension from $65.

I might point out that the Conservative government, on supply, brought in a motion to the effect that it should be raised immediately to $75. The Liberal government, sitting over there in minority, suddenly realized that everybody on this side on the house, the Conservatives, the New Democratic Party, the Social Credit party and the Creditiste party, were saying that this must be put through. At that stage, mealy mouthed, they finally came through and brought it in. They now say, as the minister said, "We are giving $105". They are not giving that. They are saying that it must be proven by a means test that it is needed. So, do not say that you are giving $105, Mr. Minister, because you are not giving it to all old age pensioners.

In rising tonight I did not intend to prolong this question. It was only the rather silly interjection by the Minister of Finance which

prompted me to continue with this. Today Canada is fighting for export markets. The sales tax is one thing which cuts in so deeply into our ability to enter into export trade. It not only affects our ability to produce in our own country for the export market, but also helps those who wish to sell to Canada from other countries. This 11 per cent sales tax on production equipment and building materials is bad enough. It cuts tremendously into Canada's ability to cope with outside manufacturers, those who would export into Canada. There is no question in my mind that the rather stupid raising of the sales tax will produce another inequity; that is, Canada's ability to stop those who would bring into Canada goods, and our ability to export outside. We fought this all through the years. When the former minister of finance brought this in I rather believe it was hoped by many members of the Liberal party that it would be discarded as another example of silliness on the part of the minister. Apparently, however, it is being perpetuated; not only that, it is being increased now from 11 per cent to 12 per cent.

Let me reiterate one more point. To step up and blame our old age pensioners for this, to my mind is completely and utterly wrong. Once again may I close by saying to the Minister of Finance that to say to the old age pensioners they will receive $105 is an utterly ridiculous statement. This is a statement which the minister has interjected from time to time as other hon. members were speaking.

It is great propaganda to say that the old age pensioners will get $105 a month, an extra $30. This just is not so. Many old age pensioners in Canada will not be entitled to qualify for this additional $30. As I have said, this was a stupid statement for the minister to make. There is no argument which he can put forward which will suggest otherwise.

Thank you, Mr. Chairman.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should not like to gloss over the 1 per cent tax increase. Naturally, the hon. minister can say: We are increasing the sales tax by 1 per cent to help the aged who would have no other source of income. But on closer look, we see that this 1 per cent increase leads to inflation, in fact it leads to an increase of far more than 1 per cent, it increases the cost of living by almost 4 per cent.

And in order to prove my contention, Mr. Chairman, let me illustrate my point by referring to an article or object a manufacturer would sell for $10.

The federal sales tax is said to have been increased from 8 to 9 per cent but, in fact, in view of the other 3 per cent federal sales tax, the hidden federal sales tax will rise from 11 to 12 per cent.

Let us take the case of an article a manufacturer sells for $10. Formerly, with the federal sales tax of 11 per cent, the article was sold by the manufacturer for $10 plus $1.10, that is the 11 per cent tax, which totalled $11.10. Since the sales tax has now reached 12 per cent, the wholesaler will have to pay $11.20 for the same $10 article. If the wholesaler wants to make his usual 10 per cent profit, since the article which used to cost him $11.10 and which he sold for $12.20 will now cost him $11.20, he will have to sell it for $12.32. This shows that the price of an article increases by more than 1 per cent when it passes from the manufacturer to the wholesaler.

If the commercial traveller also wants to make his profit of, say, 10 per cent, he will not make it on the $12.20 he used to pay, but on the price he must pay today, which is $12.32. This means that the retailer will pay not $13.42, but $13.55 because of this 1 per cent increase. And the retailer, who still makes a profit of 10 per cent on that, will sell it for $14.76, or if he sold it before for $14.76, he will sell it today for $14.91. This means that, in the past, the federal government could get 10 cents on $10 and that today the retailer sells it for 15 cents more. And when the retailer charges the 6 per cent provincial tax, he does charge it also on that federal tax. In the past, he charged 6 per cent on the 11 per cent federal tax; today, the federal government will charge the sales tax on 12 per cent, which means that, with the provincial tax, the $10 price will reach $15.81 instead of $15.64, and the price will be 17 cents higher. And the federal government will only get 10 cents out of that. But, through the process, the profit margins remaining the same, the consumer will pay 17 cents more, even if the federal government gets only 10 cents, which means that the cost of living has practically gone up 2 points.

And when the cost of living increases by two points, the worker asks for a salary increase of two points, that is, 2 per cent. This will not increase his purchasing power at all, but will merely counter-balance the higher

cost of living. We have now reached a 4 point increase in the cost of living, that is, goods will cost 40 cents more, whereas the federal government will only have obtained 10 cents, the elderly will only have received a 10 cent increase and the purchaser, the payer, the consumer will pay 40 cents more for any $10 item.

Well, Mr. Chairman, the minister wants to collect an additional 1 per cent tax in order to increase the old age pensions of those with an income less than $105 per month, but let us keep in mind, on the other hand, that the consumer will be paying 4 per cent more, rather than 1 per cent, in sales tax, but—

Mr. Chairman, since some are in a hurry to call it ten o'clock, may I point out that it is ten o'clock?

• (10:00 p.m.)

[*English*]

Old Age Security Act resolution reported and concurred in.

Progress reported on Excise Tax Act resolution.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I wonder whether someone acting for the house leader tonight can indicate that the program of business for tomorrow will be the same as announced last night?

Mr. Pennell: Mr. Speaker, it is our intention to proceed with the business in the same order announced last night by the house leader.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

CANADIAN CENTENNIAL—REQUEST FOR REPEAT TOUR OF CONFEDERATION TRAIN

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to bring to the attention of the government and the house certain suggestions of my constituents contained in correspondence and by telephone calls regarding the appreciation of those who have had the opportunity to visit the confederation train. As a result of their comments to individuals who have not had such an opportunity it has been suggested that this train should make a repeat tour next year in order that as many Canadians as possible may have the opportunity of seeing this train before it is dismantled.

I should like to read one letter, Mr. Speaker, to illustrate the type of letter I have received in his connection:

> Dear Mr. Herridge:
>
> I am writing as a temporary resident of Vancouver and a permanent resident of Kootenay West (Rossland); also because you have a reputation for answering all your mail.

I see that the minister has noted that fact. The letter continues:

> The centennial train has just left Vancouver after a very successful visit—people wanting to visit the train had to wait in line for up to four hours throughout the time it was here. Several times radio announcers warned people to stay home because they didn't have a chance of getting on the train. It is very obvious that only a small proportion of people who wanted to see the train actually were able to see it.
>
> This is my question: What is going to happen to the train after centennial year? Is there any chance that it will be able to make a repeat tour next year—including the places to be missed this year? Is there any possibility that it could become a permanent exhibit, or would the costs be prohibitively high? It seems a shame to take it apart.
>
> I hope the answers are affirmative. Incidentally, I was one of the many who did not see the train and would very much like to see it. We were turned away because of the crowds.
>
> Yours sincerely,
> Mrs. G. C. Bilodeau.

That is the type of letter I have received in this connection. Because of these representations, yesterday in the house I asked the following question:

> Mr. Speaker, I should like to address a question to the Secretary of State. In view of the tremendous public interest in the confederation train and the fact that many persons will not have the opportunity to visit this super excellent centennial project, has consideration been given to a repeat tour by this train next year?

Then Your Honour said, "Order, please." With due respect to Your Honour, I must point out that while in the first instance these representations came from my own constituency, this is a matter of national significance; and in the second instance there is a question of urgency because if there is to be any arrangement for a repeat tour next year, some revising of the schedule of the tour this year may be necessary and, of course, the cost of such tour will have to be considered in connection with next year's estimates.

I have taken advantage of this late show, Mr. Speaker, to bring my representations to the attention of the parliamentary secretary. I urge that serious consideration be given to

the representations received from my constituents—and I understand other hon. members have received similar representations —so that the greatest number of Canadians will have the opportunity to enjoy this excellent confederation project.

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, I first wish to thank the hon. member for Kootenay West (Mr. Herridge) for the great promotion he is giving to the magnificent confederation train on its tour throughout Canada. Prior to the suggestion of the hon. member for Kootenay West the centennial commission ascertained, at the request of the Secretary of State (Miss LaMarsh), the great interest of the population of Canada in this train. The centennial commission has made a serious study of the practicability of the confederation train repeating its tour during 1968.

It is true that a great part of the population of Canada will not have the opportunity to visit this magnificent train during its tour during our centennial year. While I am not in a position this evening to say to the hon. member for Kootenay West that the train will tour Canada for a second time in 1968, I can assure him that his very great interest in this matter, and that of his constituents and of the majority of the population of Canada are being taken into consideration. Every possible step is being taken in regard to this matter, and the progress is very encouraging.

• (10:10 p.m.)

HISTORIC SITES AND MONUMENTS—RESTORATION OF HOME OF SIR ALEXANDER GALT

Mr. Patrick T. Asselin (Richmond-Wolfe): My question was addressed to the Minister of Indian Affairs and Northern Development in his capacity as minister responsible for the Historic Sites and Monuments Board. It was intended to lead to positive action; it was not an attempt to cry over spilled milk.

I feel it is useless at this time to try to find out who was to blame for the demolition of what we call Galt House, though I do believe the minister should make a complete and detailed study of this matter, and that those responsible should be punished.

Sir Alexander Galt emigrated to Sherbrooke in 1835 and in 1849 was elected from Sherbrooke to the legislative assembly of Canada, where he served until 1867. He sat in the House of Commons until 1872. He was a delegate to the Charlottetown and Quebec conferences of 1864 and to the Westminster conference of 1866 and was one of the chief architects of the British North America Act. In 1867 he became the first finance minister of the Dominion and in 1880 was appointed the first Canadian high commissioner in London.

Time does not permit me to continue with this great man's accomplishments, but I wanted to draw these facts to the attention of the house to show why we felt it was so important to preserve his home. I understand the minister has announced that a monument, not just a plaque but a real monument, will be placed in Sherbrooke to commemorate this statesman. Of course we appreciate this very much. Nevertheless the Eastern Townships Historical Society has requested that the remaining portion of what we now call Galt House, the stable, or the carriage house—the portion of the house which was attached to the original house and which formed part of it—be preserved. Fortunately this portion was not demolished when the original home was destroyed. The preservation of the carriage house would, we feel, be preferable to the erection of a monument which in itself would have little of historical value. I may say that I have quoted a portion of an editorial which appeared in one of the local newspapers.

I do not wish to labour this question, I should like the minister to give us, if he can, a definite date on which he and the officials of the historic sites division can come to Sherbrooke to study this matter. At the same time I would be glad of an assurance that his visit will be made before any definite decision is reached with regard to the carriage house. We understand that the minister is burdened with other work in the department, but I should like to suggest to the hon. gentleman that he take the opportunity of meeting the people in the area and hearing them explain the historical value which they attach to this site—that he should visit the area before a final decision is taken and discuss with those people who are interested exactly what his department is prepared to do.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, it seems the happiest circumstance surrounding the commemoration of Sir Alexander Galt is the interest of the Eastern Quebec Historical Society. This is one of the finer evidences, I think, of the value of perpetuating places of history in this nation. We are apologetic still, and very sorry, over the disaster which befell our efforts to move the

house itself. It was going to be demolished in any case. We hurriedly put in a contractor who told us he thought he could move it, but when he touched the house it fell apart. We do not want the same thing to happen in any attempt to move what the hon. member calls a carriage house, but which I believe was actually a stable. We think that probably the same thing would happen in that case, because it is set upon rock. When we move the rock of 100 years ago, it just falls apart and we do not want that to happen again.

What we are planning at the present time, and the Historic Sites and Monuments Board has reviewed this on a number of occasions now, is to use a plot of land at the side of the estate about 300 feet from where the house stood and erect there a monument to Sir Alexander Galt. We have commissioned the well known sculptor Madame Guité of Quebec to make submissions to us which will be studied by the Historic Sites and Monuments Board. I want to assure my hon. friend that the officers of the historic sites division are going to the site later this month and will review the whole situation again.

We came to the opinion, based upon the recommendation of the Historic Sites and Monuments Board, that commemoration at this site was extremely important to Canadians. We intend to make a commemoration there worthy of Canada and worthy of Sir Alexander Galt and his contributions to Canada. I would be very happy indeed, and I will assure the hon. member that some time this year I will endeavour, to visit the site myself. We will seek there the co-operation, which I know will be forthcoming, of the historical society, because of all the efforts made theirs is the most valuable to the area and to his memory.

EDUCATION—REQUEST FOR INCREASED ASSISTANCE TO CANADIAN STUDENTS

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I am just looking for the representatives of the Prime Minister's office and of the Secretary of State for External Affairs. The subject matter which I wish to discuss tonight is, I believe, very important since it relates to Canadian university students. Evidently no one in the Prime Minister's office or the office of the Secretary of State for External Affairs is interested. I understood that on this late show there was to be at least some representative of a minister who would supply some information on this subject. However, in view of the information I obtained in answer to question No. 2090 on the order paper, I feel the Canadian university students will answer for themselves. Then, perhaps the Prime Minister or the Secretary of State for External Affairs will give a more attentive ear than they are giving tonight.

Now, Mr. Speaker, I should like to refer to our external aid program under which students from foreign countries are helped to attend Canadian universities. I was astonished to learn from the Secretary of State for External Affairs that the average amount of money Canada extends to these students is $5,467.29 per annum per student.

How many Canadian students get that kind of money to go to school? Our students have to do part time work in restaurants to pay their way through school, because their parents cannot afford to finance the entire cost.

• (10:20 p.m.)

I have been wondering why there has been so much bickering and hollering over foreign aid. Canadian students at the present time are undergoing an injustice. We finance foreign students to come to Canada to study, students who do not have the same problems Canadian students have. As far as finances are concerned, they are treated better than Canadian students.

I would ask how many Canadian students have about $5,500 a year to go through university? This amounts to $22,000 over a four-year term; and this is the average figure, Mr. Speaker. Out of 900 odd students only 515 graduated. Some of these might have required $6,000; the average was $5,500. These are students who have been changing cars every year. They are about the brightest students from these underdeveloped countries. Some of them do not have to work so hard and some attend a minimum of courses. Their financial problems are minimal compared with some Canadian students who have to slave their way through university.

I am not saying that this amount is too much, but not many Canadian students can afford to pay this sum. If we can spend this amount on foreign students, then we can spend the same amount on Canadian students. The federal government is going to award 10,000 grants to Canadian students. Yet it can afford external aid to the tune of $259,360,000 in 1965, which is a staggering figure.

I believe the purpose of external aid is missed entirely. In one way or another the goals and aims of the external aid program are unrealistic. We give these foreign students

an education or train them at a Canadian university for a trade or for the professional field, so they can return to their homeland to render their country a service. The problem is, Mr. Speaker, they do not go back home. Some of the responsibility for this is upon the federal government at the present time for providing them with a high standard of living. No wonder they do not go back home to an underdeveloped country, when we spend $22,000 on them over four years.

The United Nations has also produced some staggering figures in this regard. Some 85,000 medical doctors did not return to India after taking their course. They are scattered around the world. They might not all be in Canada, but anyone versed in external affairs knows that Canada's reputation internationally is such that if they are trained here they are fitted to enter any country they desire. I know of no restrictions. At present we are not doing India a service in this respect, or any of the other underdeveloped countries; we are doing them a disservice. We are taking their best students away from them. They do not return to their homeland to practise what they have learned here, which was the main objective of the external aid program.

I suggest this program should be revised as soon as possible. Our own Canadian students are in no way assisted by these circumstances at the present time. They have to attend the same universities and undergo the same expenses as foreign students. Very seldom can they raise more than $2,000, but they have to compete with students from other countries who are financed by the Canadian government through Canadian taxpayers. It is the government's responsibility to look into the question of paying this $5,500 to Canadian students.

The Acting Speaker (Mr. Rinfret): Order, please. The time allotted for the hon. member's speech has expired.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to the Secretary of State of Canada): Mr. Speaker, if the member for Mégantic (Mr. Langlois) allows me to answer in French, I will tell him first that I regret the absence of both parliamentary secretaries to the Prime Minister (Mr. Pearson). But as the member for Mégantic knows probably, both of them have been away; one came back late tonight but I have been unable to reach him to ask him to answer the question of the hon. member. As for the Secretary of State for External Affairs (Mr. Martin), I think he is not at all involved in the question put today by the member who was only making a comparison with the answer given by the government to question No. 2,090 concerning aid granted to foreign students.

The question of the hon. member for Mégantic which was couched in Shakespearean English, was as follows:

[*English*]

Does the federal government contemplate changing its present policy in order to accommodate Canadian students and provide them with about the same amount of money, that is, $5,500 per annum, to attend Canadian universities?

[*Translation*]

As I am not informed of the studies of foreign students financed by the Canadian government, I am not in a position to give a satisfactory answer to the hon. member for Mégantic. However, since he asks whether the government of Canada could not give the same assistance to Canadian students, I may tell him that for many years, here in this house, the party which he represents has always insisted on provincial autonomy in matters of education. I will tell him in closing, that education is the exclusive responsibility of the provincial governments.

[*English*]

Motion agreed to and the house adjourned at 10.30 p.m.

HOUSE OF COMMONS

Wednesday, February 15, 1967

The house met at 2.30 p.m.

[*Translation*]

COMMITTEES OF THE HOUSE

First report of the special joint committee of the Senate and the House of Commons on the national anthem and the royal anthem, in both French and English—Mr. Ryan.

[*English*]

Fifth report of special joint committee on consumer credit and cost of living—Mr. Basford.

[*Note: Text of above reports appears in today's Votes and Proceedings.*]

CANADA LABOUR CODE

TABLING OF REPORT RESPECTING APPLICATIONS FOR DEFERMENT

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, pursuant to the assurance I gave this house some weeks ago and reiterated yesterday, I should like to table two copies of a condensed report dealing with applications for deferment and suspension and action taken thereon under part I of the Canada Labour (Standards) Code.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

C.N.R. DERAILMENT, PORTNEUF COUNTY, P.Q.

Question No. 2,410—**Mr. Godin:**

What were the estimated damages, and what was the cause of the C.N.R. derailment that occurred in the Rivière-à-Pierre area, Portneuf county, during the last week of December 1966?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: About 8:05 a.m. on December 29th, 1966, train No. 814 (427) had 25 cars derailed near Linton, Quebec. The accident was caused by a broken rail. There were no personal injuries but damage to equipment and contents. Total cost of the accident is still being assembled.

CHIEF OF FEDERAL-PROVINCIAL RELATIONS SECTION, INDIAN AFFAIRS

Question No. 2,441—**Mr. Orlikow:**

1. Who is the chief of the federal-provincial relations section of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Leonard Lisgar Brown.

2. Since January 20, 1964.

3. Academic qualifications: (a) Queens University, B.A., (b) Osgoode Hall, barrister at law.

4. During a period of 27 years Mr. Brown has held responsible positions in headquarters which required him to work closely with individual Indians, band councils, Indian associations, regional Indian advisory councils and the national Indian advisory board located in all provinces.

5. His duties and responsibilities are: To be responsible for the co-ordination of the activities of the branch in the area of federal-provincial relations; to act as consultant and adviser to the director, Indian affairs on policy and planning in connection with federal-provincial relations pertaining to Indians; to perform the liaison function between the branch and regional federal-provincial co-ordinating committees; to co-ordinate the function and activities of regional Indian advisory councils; to conduct related correspondence and prepare reports and other narrative material; to undertake special assignments involving major problems at the request of the director. Mr. Brown reports to the director of Indian Affairs branch.

DIRECTOR OF DEVELOPMENT DIRECTORATE, INDIAN AFFAIRS

Question No. 2,482—**Mr. Orlikow:**

1. Who is the director of the development directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

Questions

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Archibald Gregory Leslie is the acting director of the development directorate.

2. Since October 24, 1966.

3. Academic qualifications: (a) High school graduation, 1st class professional teacher's certificate. (b) University of Manitoba, course in anthropology.

4. Mr. Leslie was a teacher in an Indian residential school from 1936 to 1940. Since he joined the Indian affairs branch in 1940 he has held frequent discussions and meetings with the Indian people and conducted numerous field trips while occupying headquarters positions from 1940 to 1955 and from 1964 to 1966; while occupying field positions from 1955 to 1964, Mr. Leslie was in continuous contact and meetings with individual Indians and band councils.

5. His duties and responsibilities are: Directing the formulation of co-ordinated programs of social, economic and community development; ensuring optimum utilization of all available human and material resources; providing technical direction to and control over field officers to implement programs; collaborating with other directors within the branch in the formulation of policy; ensuring that headquarters and field staff are suitably trained and developed and are making effective contributions to the programs; attending and addressing meetings, preparing reports and conducting correspondence. Mr. Leslie reports to the director of Indian affairs.

CHIEF OF EDUCATION DIRECTORATE, INDIAN AFFAIRS

Question No. 2,486—**Mr. Orlikow:**

1. Who is the director of the education directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. Robert Frederick Davey.

2. Since January 1, 1954.

[Mr. Orlikow.]

3. Academic qualifications: (a) Victoria normal school, teacher's certificate; (b) University of British Columbia, B.A.; (c) Post graduate courses in the education field at the University of British Columbia.

4. Since joining the branch in 1933, Mr. Davey spent two years as a teacher at an Indian day school and five years as superintendent of Indian schools for British Columbia. Since 1952, he has been assistant superintendent of the education division and director of the education directorate in the branch. He has had a direct and close association with and responsibility for the education of Indians therefore for 34 years.

5. His duties and responsibilities are: To have over-all responsibility and authority for the provision of education services and programs to over 60,000 Indian children; for the development and co-ordination of educational policy, the direction and planning of operating procedures, the provision of educational services in 560 Indian communities, the recruitment and supervision of a staff of over 1,800 professional educationists; negotiation of agreements with the provinces for the admission of Indian children to joint schools; the development and implementation of a comprehensive vocational training program and the placement of graduates in employment; for the operation of hostels and residential schools for Indian children requiring special services. Mr. Davey reports to the director of Indian affairs.

CHIEF OF ENGINEERING DIVISION, INDIAN AFFAIRS

Question No. 2,487—**Mr. Orlikow:**

1. Who is the chief of the engineering and construction division of the development directorate of the Department of Indian Affairs and Northern Development?

2. How long has he held the position?

3. What are his academic qualifications?

4. What is his previous experience in working with Indians either in the department or elsewhere?

5. What are his duties and responsibilities and to whom does he report?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Mr. George Johnston Bowen.

2. Since April 2, 1964.

3. Academic qualifications: (a) University of Manitoba, B. Sc. (C.E.); (b) Registered professional engineer, Association of Professional Engineers (Ontario); Association of Professional Engineers (British Columbia).

4. After joining the Indian Affairs branch in 1949, Mr. Bowen spent first five years as resident engineer for field projects on various reserves in British Columbia. During this time, he hired and supervised Indian workers and lived among them on reserves. Afterwards, Mr. Bowen was a regional engineer for British Columbia for six years and a supervising engineer at headquarters for four years; during this time, he had meetings and discussions with band councils and inspected reserves throughout Canada.

5. His duties and responsibilities are: Direction, supervision and development of a staff of engineers, architects, planners, technical personnel and administrators engaged in the planning, design, construction, maintenance and implementation of the Indian affairs branch construction and development program, involving all aspects of municipal engineering such as community planning, schools, water systems, bridges, electrical distribution systems, roads, housing, community halls and staff residences; direction and review of engineering, architectural and planning studies and surveys to ensure costs, methods and materials are proper; arranges for the invitation of tenders and the award of contracts; ensures proper supervision of construction projects and the implementation of satisfactory maintenance and repair programs; advises and provides technical information on all matters related to engineering, architecture and community planning; conducts special investigations in construction matters as required and prepares comprehensive reports and correspondence." Mr. Bowen reports to the director of development.

TENDERS FOR ADDITIONAL CONSTRUCTION, SPRINGHILL PENAL INSTITUTION

Question No. 2,488—**Mr. Coates:**

1. What is the amount of the contract for the construction of two chapels, an industrial building, a garage and a stores building at the Young Offender's Penal Institution at Springhill, Nova Scotia, and who was the successful tenderer?

2. How many additional tenders were submitted, by whom, and in what amounts?

Hon. G. J. McIlraith (Minister of Public Works): 1. Contract awarded in the amount of $1,894,000, to Simpson Construction Ltd., Fredericton, N.B.

2. Six: 1—Foundation Company of Canada, Toronto, Ontario, $1,928,000; 2—Kenney Construction Co. Ltd., Yarmouth, N.S., $1,948,000; 3—Fundy Construction Co. Ltd., Halifax, N.S., $1,996,550; 4—Modern Construction Limited, Moncton, N.B., $2,025,451; 5—Eastern Contracting Limited, New Glasgow, N.S., $2,174,500; 6—Diamond Construction 1961 Ltd., Fredericton, N.B., $2,488,000.

BRIDGE CONSTRUCTION OVER OTTAWA RIVER

Question No. 2,506—**Mr. Davis:**

How many bridges have been built with financial assistance from the federal government over the Ottawa river since 1950, and where are these bridges located and what was the percentage and total amount of the federal contribution in each case?

Hon. G. J. McIlraith (Minister of Public Works): So far as the Department of Public Works is concerned: the number of bridges is three. Between Ottawa, Ont. and Hull, Que., 33⅓ per cent; $3,281,979. *Between Alumette Island, Que. and Pembroke, Ont., 100 per cent of centre bridge; $894,173. Between Portage du Fort, Que. and highway 17, Ont. (under construction), 50 per cent; $382,628. (est).

*This is a system of three bridges. Quebec contributed 100 per cent of the cost of the bridge on the Quebec side. Ontario contributed 100 per cent of the cost of the bridge on the Ontario side.

*PROVISION OF COLOUR TELEVISION SETS TO C.B.C. STAFF

Question No. 2,509—**Mr. Diefenbaker:**

1. What are the names and addresses of the chosen officials and/or employees of the C.B.C. who are to be the recipients of and have free use of the coloured T.V. sets recently purchased by the C.B.C.?

2. From what companies and/or individuals were such coloured T.V. sets purchased?

3. Was such purchase preceded by a resolution passed by the C.B.C., and, if so, on what date was such resolution passed?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I am informed by the C.B.C. that:

1. Colour television receivers are assigned according to requirements of senior positions and remain with these positions in the event of the departure of present incumbents. They are used by those whose duties require program viewing.

2. Sets were purchased mainly from RCA Victor, Canadian General Electric, Canadian Admiral and Philips Electronics and, in a few cases where delivery from these companies

was not available, from Clairtone, Fleetwood, Zenith, Philco and Electrohome.

3. No.

NURSING SERVICE, WESTMINSTER HOSPITAL, LONDON, ONT.

Question No. 2,514—**Mr. Irvine:**

1. How many registered nurses are employed at Westminster hospital, London, Ontario?

2. How many nursing assistants are employed at the above hospital?

3. How many practical or other classifications of nurses not listed above are employed at this hospital?

4. In each category what are the (a) rates of pay (b) rates of overtime pay (c) number of work hours per week?

5. Where their work calls for a 40-hour work week, do they always work five consecutive days and then have two days off duty and, if not, under what circumstances are any of them required to work more than five consecutive days?

Hon. Roger Teillet (Minister of Veterans Affairs): 1. 199 full time, 35 casuals.

2. 51.

3. None.

4. (a) Nurse 1: $4,500, $4,650, $4,800, $4,950, $5,100, 5,300. Nurse 2: $5,157, $5,326, $5,495, $5,665. Nurse 3: $5,686, $5,884, $6,085, $6,283. Nurse 4: $6,198, $6,466, $6,736, $7,004. Nurse 5: $7,335, $7,601, $7,868, $8,137. Nurse 6: $8,099, $8,433, $8,767, $9,167; or $20 per day for casuals. Hospital nursing assistants: $3,207, $3,339, $3,472, $3,604. (b) Time and one half. (c) 40.

5. Nursing services in the hospital require staffing 24 hours a day, seven days a week and three eight hour shifts on a rotational basis are employed for this purpose. In order to vary the two days of rest and to provide a fair distribution of week ends off duty it is necessary that nurses periodically work more than five days in a row during the shift cycle. Between changes of shift the normal two days of rest per week are extended to balance out the 40 hour work week.

FOG SIGNAL, MALASPINA STRAIT, B.C.

Question No. 2,516—**Mr. Barnett:**

Was the fog signal, Westview, Malaspina strait, British Columbia, discontinued, as indicated in notices to mariners, January 13, 1967, page 10 and, if so, for what reason?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Yes. No longer served a need. A fog signal is maintained at Powell river, 2¼ miles to the northward.

[Miss LaMarsh.]

*SUICIDE ATTEMPTS IN QUEBEC PENITENTIARIES

Question No. 2,525—**Mr. Howard:**

1. Since January 1, 1966, how many persons in any federal penitentiary in the province of Quebec attempted to commit suicide?

2. What is the reason for each such attempt, the name of the institution within which the attempt was made, and what psychologic or psychiatric help was provided to each such person and the results thereof?

Hon. L. T. Pennell (Solicitor General): 1. Since January 1, 1966, seven persons attempted to commit suicide.

2. (a) The reason for each such attempt appears to have been as follows: (i) personal problems of a sexual nature, two cases; (ii) depressive feeling of rejection by family or friends, two cases; (iii) mentally ill inmates suffering from schizophrenia and under treatment in the psychiatric ward of the penitentiary hospital, three cases.

(b) These attempts were all made at the St. Vincent de Paul penitentiary.

(c) All these inmates were hospitalized in the psychiatric ward of the penitentiary hospital and treated with various medication. One of them was treated by electroshock therapy in addition to medication.

(d) The results thereof were that one inmate was released from the psychiatric ward and transferred to another federal institution in another province in the hope that a change of environment would be beneficial; two inmates were released from the psychiatric ward and have resumed normal prison routine; two inmates are still hospitalized in the psychiatric ward but are allowed to work with the inmate population during the day, and two inmates are still under treatment in the psychiatric ward.

ANNIVERSARY OF CAPTURE OF VIMY RIDGE

Question No. 2,533—**Mr. Pascoe:**

1. Has the government received letters from veterans of the Vimy ridge battle regarding observance on April 9 of the fiftieth anniversary of the ridge's capture?

2. If so, have these letters indicated that a large number of the veterans wish to participate in the anniversary observance at the Vimy ridge memorial?

3. Is the government considering the suggestion that a ship be provided for such a voyage overseas at excursion rates?

Hon. Roger Teillet (Minister of Veterans Affairs): 1. Yes, the government has received a number of such letters.

2. The writers of several letters have indicated a wish to attend the ceremony at Vimy to mark the 50th anniversary of the battle.

3. No.

AFFILIATION OF CANADIAN UNIONS WITH AFL-CIO

Question No. 2,539—**Mr. Émard:**

On the basis of the latest figures available (a) how many unions affiliated with the CLC are also affiliated with AFL/CIO (b) what percentage of the total number of unions affiliated with the CLC are also affiliated with the AFL/CIO (c) what is the total membership of unions reporting CLC affiliation (d) what is the membership of unions reporting affiliation with the CLC, which at the same time are affiliated with the AFL/CIO in the United States (e) what is the total of dues and assessments from Canadian members of unions going to international headquarters outside of Canada?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): (a) As of January 1966 there were 112 international and national unions affiliated with the C.L.C. In addition, there were 160 local unions directly chartered by the C.L.C. Of the 112 international and national unions, affiliated with the C.L.C., 90 were also affiliated with the AFL-CIO. (b) The percentage of the total number of international and national unions affiliated with the C.L.C. that were also affiliated with the AFL-CIO was, as of January 1966, 80 per cent. If the number of directly chartered locals is added to the number of international and national unions affiliated with the C.L.C., making a total of 272, the percentage that AFL-CIO affiliated unions comprise of this total would be 33 per cent. (c) As of January 1966, the total membership of unions reporting affiliation with the C.L.C., including the membership of its directly chartered locals, was 1,282,039. Of this total, C.L.C. directly chartered local unions comprised 18,414 members. (d) As of January 1966, the membership of unions reporting affiliation with the C.L.C. which, at the same time were affiliated with the AFL-CIO in the United States, was 1,070,008. (e) Information is not available as to the total of dues and assessments from Canadian members of unions which actually goes to international headquarters outside of Canada. The report for 1964 under the Corporations and Labour Unions Returns Act (table 24 on page 49 of Part II) indicates that the income of international unions from net dues and assessments from Canadian members amounted to $25,516,000. It does not indicate how much of this money actually left the country, nor does it give complete information on the amount spent in Canada.

ORIGIN OF DRUG INGREDIENTS

Question No. 2,545—**Mr. Isabelle:**

From what country or what countries do the basic ingredients come that are used in the manufacture of drugs by each of the following companies (Group 1) (a) Hoffmann-La Roche Limited (b) Smith Kline & French Inter-American Corporation (c) Charles E. Frosst & Company (d) Cyanamid of Canada Limited (e) Ayerst Laboratories (McKenna & Harrison Limited) (f) Parke, Davis & Company Limited (Group 2) (a) Empire Laboratories Limited (b) Barlow-Côté Limited (c) Generic Drugs Limited (d) Nova Drugs Limited (e) Fleur de Lys Drugs Limited (f) Laboratories Franca?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): This information is not available in the Food and Drug Directorate, Department of National Health and Welfare. It is not a requirement of the Food and Drugs Act or Regulations that manufacturers provide such information.

[*English*]

CENOTAPH OR REMEMBRANCE SHRINE AS CENTENNIAL PROJECT

Question No. 2,555—**Mr. MacRae:**

1. Is it the intention of the government to construct a national cenotaph in centennial year as a centennial project?

2. Is it the intention to erect in centennial year as a centennial project a national shrine of remembrance?

Hon. Roger Teillet (Minister of Veterans Affairs): 1. No.

2. No.

* TENDERS FOR SALE OF GRAIN ELEVATORS, QUEBEC CITY

Question No. 2,573—**Mr. Ricard:**

In what publications, and how many times, has the notice calling for tenders appeared for the sale or lease of the grain elevators in the harbour of the city of Quebec?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the answer to this question is as follows: *Le Soleil, Chronicle-Telegraph, La Presse,* Montreal *Star,* the *Gazette, The Financial Post, Daily Commercial News,* Winnipeg *Free Press,* Vancouver *Sun.* In one issue on January 27, 1967.

Questions

INTRODUCTION OF POSTAL ZIP CODE IN CANADA

Question No. 2,580—**Mr. Ryan:**

Is the government considering the introduction of the zip code system for bulk mailings in Canada?

Hon. Jean-Pierre Côté (Postmaster General): Yes. The development of a national postal coding system is under study.

C.M.H.C. FINANCING OF PREFABRICATED HOUSES

Question No. 2,589—**Mr. Laprise:**

Has Central Mortgage and Housing Corporation agreed to finance the purchase of prefabricated houses which the Aluminum Company of Canada (Alcan) plans to build, and have studies been made with a view to determining whether these houses meet Canada's housing standards?

Hon. J. R. Nicholson (Minister of Labour): The prefabricated system of house construction utilized by Alcan design homes meets the requirements of the residential standards (supplement No. 5 to the national building code of Canada) and consequently is acceptable for use in N.H.A. financed construction. This acceptance is subject to the same conditions of loan which would apply to houses constructed in the traditional manner.

HOUSING PROJECT, CHAPLEAU COUNTY, QUE.

Question No. 2,591—**Mr. Caouette:**

1. Does Central Mortgage and Housing Corporation intend to grant loans for the housing project at Lebel-sur-Quevillin in the county of Chapleau?

2. If so, who will be the notary employed by the corporation to draw up contracts?

3. What fee will this notary charge for each of these deeds of sale?

Hon. J. R. Nicholson (Minister of Labour):

1. Yes, to qualified applicants.

2. This will be determined when each loan is approved.

3. The fee to be charged to the borrower will be in accord with the tariff applicable to notaries in the district for this type of work.

TRAVEL BUREAU PROMOTION OF CENTENNIAL AND EXPO

Question No. 2,597—**Mr. Prud'homme:**

Does the Canadian Government Travel Bureau literature feature the centennial celebrations and Expo '67?

[Mr. Byrne.]

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): All main Canadian Government Travel Bureau promotion literature highlights the centennial celebrations and Expo '67. Other major centennial attractions such as the Pan American Games in Winnipeg, the Military Tattoo, etc., are also given prominent attention. The Travel Bureau also sends to enquirers, literature produced by the Centennial Commission and Expo '67.

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

REPORT ON POST OFFICE WORKING CONDITIONS

Question No. 2,323—**Mr. Bell (Carleton):**

1. Of the list of recommendations appearing from pages 325 to 355 of the report of Hon. Mr. Justice Andre Montpetit on working conditions in the post office department, how many (a) have been implemented, specifying which ones, (b) have been rejected, specifying which ones (c) have been partially implemented, specifying which ones and the extent of implementation (d) are under consideration, specifying which ones?

2. Of those recommendations which are still under consideration, when is it to be expected that decisions may be reached, specifying an estimated date in respect of each?

3. What consultations (a) have been held (b) are proposed to be held, with the various staff organizations or unions concerned in the problems to which these recommendations relate?

Return tabled.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notice of motion for papers No. 206 is acceptable to the government.

Notice of motion No. 204 is acceptable to the government, subject to the reservations concerning privileged papers.

Would Your Honour call notices of motions Nos. 191, 193, 203, 207 and 208?

Mr. Speaker, I ask that all other notices of motions stand.

[*English*]

C.B.C. APPLICATION FOR DEFERMENT OF LABOUR CODE

Motion No. 191—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents exchanged between the Canadian Broadcasting Corporation, or any official thereof and any

other person, group or organization, excepting any other department or agency of the government, relating to the application of the Canada Labour (Standards) Code or the deferment or suspension of any part thereof.

Hon. Judy V. LaMarsh (Secretary of State): The house will recall with respect to this motion, which was dropped and replaced by my hon. friend, that as I told him at that time I was informed by the Canadian Broadcasting Corporation that the only correspondence, telegrams or other documents in existence are internal papers and thus are considered by the C.B.C. to be privileged. Under the circumstances I would therefore ask my hon. friend whether he would withdraw the motion.

Mr. Howard: Mr. Speaker, I would be quite agreeable to doing that, but some of the correspondence is between the C.B.C. and a particular local of the international alliance of theatrical and stage employees.

I do not see how this could be an internal matter since it involves the C.B.C. and a group outside the corporation.

Mr. Speaker: Is the hon. member proposing that the matter be transferred for debate?

Mr. Howard: I am just suggesting that in my view the reason given by the minister is not factual. I think the only alternative would be to put it to a vote.

Miss LaMarsh: Mr. Speaker, although this is the only information I have received perhaps, in view of what my hon. friend has said, the matter might be allowed to stand for another week until I check with the corporation to make absolutely certain of what they told me.

Mr. Speaker: Stood.

LABOUR (STANDARDS) CODE—CORRESPONDENCE BETWEEN DEPARTMENT AND C.B.C.

Motion No. 193—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents exchanged between the Minister or Department of Labour and the Canadian Broadcasting Corporation relating to the application of the Canada Labour (Standards) Code or the deferment or suspension of any part thereof.

He said: Mr. Speaker, some weeks ago the Minister of Labour made some comments in the house with respect to this particular motion. In spite of the fact that it might be very desirable to have this information made public, in the light of all the circumstances and the reluctance of the government to disclose the information it might be best to withdraw the motion.

Mr. Speaker: Dropped.

Motion withdrawn and order discharged.

RENTAL OR SALE GOVERNMENT LAND, LONGUEUIL, QUE.

Motion No. 203—**Mr. Douglas:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence between any department or agency of the federal government and the city of Longueuil, Quebec, and any other individual or company concerning the rental or sale of government owned land in or near the city of Longueuil since July 1, 1963.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I had a conversation with the hon. member for Burnaby-Coquitlam, and I would like to say that this motion is acceptable as it relates to a major piece of property, that is some 20 acres of dominion lands which were sold to the city of Longueuil and are now put to use as a commercial zone and a shopping centre.

Mr. Douglas: Mr. Speaker, that would be agreeable if I could get some information whether other pieces of land are involved, and if there is other correspondence. If so, I can request that in a separate motion.

Mr. Laing: Mr. Speaker, there are one or two other small properties having to do with the realignment of roads.

Motion agreed to.

C.B.C. "THIS WEEK" PROGRAM ON NEW BRUNSWICK

Motion No. 204—**Mr. Bell (Saint John-Albert):**

That an order of the house do issue for a copy of all correspondence, telegrams and any other documents exchanged between the Secretary of State, in particular the Canadian Broadcasting Corporation, and any other person, groups or organizations with respect to the program concerning New Brunswick which was televised on "This Week", Tuesday, January 17, 1967.

Motion agreed to.

WINTER WORKS IN QUEBEC ELECTORAL DISTRICTS

[*Translation*]

Motion No. 206—**Mr. Racine:**

That an order of the house do issue for a copy of the correspondence exchanged between members of the federal electoral districts of Beauce

and Mégantic with the appropriate departments concerning winter works in Saint-Ephrem (Beauce), Saint-René (Beauce), and La Guadaloupe (Mégantic) from 1962 to this date.

Motion agreed to.

[*English*]

BRIDGE OR TUNNEL TO VANCOUVER AIRPORT

Motion No. 207—**Mr. Prittie:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all correspondence, telegrams or other documents exchanged between the minister or Department of Transport and the Department of Highways of British Columbia relating to the proposed construction of a bridge or tunnel across the north arm of the Fraser river from Vancouver, British Columbia to Sea Island, Richmond, British Columbia, site of the Vancouver international airport.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not wish to oppose this motion if it can be understood that of course we would have to extend the usual courtesy to the provincial government and make sure they were agreeable to the correspondence being tabled, and if it could also be understood that any intermediate correspondence with respect to negotiations that are not completed would not be tabled until the conclusion of such negotiations, and then only the final documents.

Mr. Prittie: That is quite acceptable, in view of the fact that negotiations are still in progress.

Motion agreed to.

EXTERNAL AFFAIRS

VIET NAM—REQUEST FOR REPORT ON PROGRESS OF NEGOTIATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs and ask him whether he is in a position to give the house and the country any report on the progress of negotiations in connection with Viet Nam.

Can he tell us also, in view of the admirable speech he made on Friday on the subject of Viet Nam, whether the secret plan being advanced by Prime Minister Wilson is the one which the Secretary of State for External Affairs could not reveal to the house, and understandably so?

Hon. Paul Martin (Secretary of State for External Affairs): I thank my hon. friend for his kind words about what I said the other day. With regard to the last question, I can only say that it is not so to my knowledge.

Mr. Andrew Brewin (Greenwood): I have a supplementary question. I wonder if I could ask the Secretary of State for External Affairs whether, in the light of the statement by the British Prime Minister that peace in Viet Nam was within our grasp and a very small movement could put the whole machinery for peace keeping in motion the government would consider sending Mr. Ronning once again to Hanoi to see if he could remove the small obstacle that apparently remains to negotiations.

Mr. Martin (Essex East): Mr. Speaker, I have made it clear that the government will not hesitate to use this channel if, in the government's judgment, there is the slightest possible reason for using Mr. Ronning again. I was in communication with Mr. Ronning within the last few days and my hon. friend may be assured that the government, having established this contact, is fully conscious of its important potential value.

HISTORIC SITES AND MONUMENTS

LOUISBOURG FORTRESS—DISMISSAL OF SENIOR EMPLOYEE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of Indian Affairs and Northern Development, Mr. Speaker, regarding a statement he made in the house yesterday concerning Jeremy Akerman, who was dismissed by the minister's department. Yesterday, as recorded at page 13008 of *Hansard*, I asked the minister the following question:

May I ask the minister whether he has confirmed by examining the text of the alleged radio and television programs that such an attack was made by this man upon his superiors—

I received a telegram, a copy of which I have sent to the minister, in which Mr. Akerman denies categorically that he has ever appeared on radio and television attacking fortress officials as suggested by the minister. I want to ask the minister if he or his officials have checked to ascertain whether the basis upon which this man was dismissed, a television attack on his superiors, is true or whether it is based on hearsay.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, a report was made to me that such had been the case. I want to thank the hon.

member for having supplied me with a full account of the basis upon which his question was going to be asked. I draw his attention to the telegram Mr. Akerman sent, in which he stated he had never publicly criticized his superiors prior to the decision to terminate his contract.

Mr. Douglas: Read the rest of it.

Mr. Laing: He says he never appeared on radio and television attacking fortress officials. He says he had not done this prior to the termination of his contract. I would tell the hon. member that I have to be guided by the advice given me by my officials and not the advice tendered to the hon. member by Mr. Akerman. In both instances that I recited yesterday, I followed the advice of my officials. First, I was protecting Mr. Akerman and, second, confirming the termination of his contract.

Mr. Winkler: I rise on a point of order, Mr. Speaker. Surely we have proceeded with this question sufficiently, and it is not of national importance today.

Mr. Speaker: I will allow one supplementary question. I ask the co-operation of the hon. member for Burnaby-Coquitlam, because I do not believe this matter should be proceeded with much longer during the question period.

Mr. Douglas: On the point of order, Mr. Speaker, may I say it is important if an injustice has been perpetrated upon this man.

Mr. Speaker: There is no point of order. Will the hon. member kindly ask his supplementary question.

Mr. Douglas: In view of the fact that this man categorically denies ever having appeared on television and radio attacking his superiors, will the minister ask for copies of the radio tape and investigate this matter, or have his departmental officials investigate it, so an injustice may not be done this man if his statements, as contained in the telegram are accurate?

Mr. Laing: I will certainly make these inquiries and endeavour to obtain the tape if it is available. The difficulty of Mr. Akerman is possibly no worse—

Mr. Speaker: Order, please.

[*Translation*]

LABOUR RELATIONS

QUEBEC—POSSIBLE MEDIATION BY MANPOWER MINISTER IN TEACHER'S DISPUTE

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration.

Is it true that, according to a rumour that reached me this morning, the Minister of Manpower and Immigration has been invited to act as mediator in the dispute involving the teachers, the school boards and the government of Quebec?

Mr. Speaker: Order.

[*English*]

ROYAL VISIT

REPORT THAT QUEEN MOTHER TO VISIT ONLY ATLANTIC PROVINCES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Prime Minister. I would ask the Prime Minister whether reports are true that the July visit of the Queen Mother is going to be limited to the maritime provinces only. If this is so, why is it that during centennial year she is not visiting Ottawa and Expo?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Queen and Prince Philip, as my hon. friend knows, will be visiting Ottawa and Expo. The Queen Mother will be visiting the Atlantic provinces.

Some hon. Members: Hear, hear.

Mr. Pearson: Princess Alexandra will be visiting the western provinces. So the Queen and other members of the royal family will be visiting all parts of Canada during our centennial year.

[*Later:*]

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, it is rather a supplementary question that I should like to put to the right hon. Prime Minister.

He made an announcement earlier that the royal family would come to Canada during 1967. Can the Prime Minister tell us if Prince Charles will be able to visit the Lotbinière riding with the hon. member for that constituency.

[*English*]

Mr. Speaker: Order, please.

Inquiries of the Ministry

FINANCE

FISCAL POLICY CHANGE REQUESTED BY ONTARIO

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I wish to address a question to the Minister of Finance. In view of the statement made yesterday in his budget speech by the treasurer of the province of Ontario that Ontario cannot reach its economic objectives unless the federal government switches to an expansive fiscal policy, does the minister have in mind the introduction of any measures to give the province this very obviously needed help?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I think the budget statement of the Ontario minister is directed more at political than at economic developments.

AGRICULTURE

EGGS—REPORTED RECENT DROP IN PRICES

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to repeat the question which I addressed yesterday to the Minister of Agriculture. It has to do with the price of eggs, which has recently dropped by 20 cents per dozen. What are the intentions of the minister with regard to halting this decline in egg prices?

Mr. Speaker: Order, please. I am wondering whether the hon. member does not think this is a question that could easily be considered at ten o'clock during the adjournment debate.

Mr. Rapp: Ten o'clock.

[*Later:*]

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Prime Minister. Considering the serious fluctuations in the prices of eggs, will the government not submit the operations of the agricultural stabilization board to the agriculture committee for study?

Mr. Speaker: Order. I wonder if the hon. member would like to join the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) and debate the matter at ten o'clock.

Mr. Nasserden: I am sure the hon. member for Humboldt-Melfort-Tisdale can take care of himself. My question is different altogether and relates to the study of an act which has been in operation for eight or nine years without being reviewed.

Mr. Speaker: Order, please. The hon. member can take care of himself also.

HEALTH AND WELFARE

SMOKING—REQUEST FOR STATEMENT ON GOVERNMENT ACTION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. I asked the minister a similar question yesterday which I believe he agreed to take as notice and answer today. My question is, is the minister's department planning any expenditures for research into tobacco in order to ascertain whether carcinogens and other substances that constrict the arteries can be removed?

Mr. Speaker: Order, please. I think this question should be placed on the order paper.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

INTERVIEW WITH A REPORTED COMMUNIST ON PROGRAM "AUJOURD'HUI"

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to address a question to the hon. Secretary of State, who is responsible to the house for the Canadian Broadcasting Corporation.

Would the minister check with C.B.C authorities in order to find out why the C.B.C. granted an interview last week to Mr. Vachon on the program "Aujourd'hui", during which the ex-policeman said that he had decided to join the Communist party and that, in the future, he would endeavour to convince our youth to share his views on Marxism? Would the minister inquire—

Mr. Speaker: Order. The Chair feels that the hon. member should put his question on the order paper.

Mr. Asselin (Charlevoix): At ten o'clock, Mr. Speaker.

[*English*]

INDUSTRY

AUTOMOBILES—PARITY OF PRICES IN CANADA AND U.S.

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to

the Minister of Industry. In view of earlier statements made by the minister, would he advise the house when Canadian citizens might expect to buy a made in Canada car under the United States-Canada car pact at the same price as the identical car is sold in the United States to United States citizens?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I hope the costs of producing cars and consequently the manufacturers sale prices of cars, manufactured in Canada, progressively will continue, as they have done over the past two years, toward parity. It would not be wise to try to put a date on the achievement of an equalization of these manufacturing costs. The cost to the consumer, as the house is aware, is affected not only from country to country but from province to province by a series of special considerations related to transport, taxes, methods and techniques of distribution and, indeed, methods of sale.

Mr. Hales: A supplementary question, Mr. Speaker. Considering that the treaty has been in force for two years, does the minister not expect to announce something soon?

Mr. Drury: Rome was not built in one day.

An hon. Member: Rome did not build cars.

OLD AGE SECURITY

EXTENSION OF SUPPLEMENTARY BENEFIT TO RECIPIENTS OF WAR VETERANS ALLOWANCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Veterans Affairs. Is he in a position today to reply to the question asked a few days ago with respect to the relationship between war veterans allowances and other pensions legislation?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I assume the hon. member refers to the questions asked by the hon. member for Winnipeg North Centre of the Prime Minister a few days ago. In arriving at an understanding between the two departments on how best to deal with this question, and to avoid the problem of overpayments in certain instances, the officials of both departments concluded that the best method to adopt was to send a letter directly to the recipients of war veterans allowances to make sure that before applications are made the veterans will consult with their welfare officers.

The feeling in the department is that this will adequately cover the situation and will, in the best manner possible, prevent the possibility of overpayments which can be difficult for veterans. My department tell me that they feel this is the best method. My department has supported the wording in the appropriate section in the application form. They are satisfied that this will make the situation as easy as possible.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask a supplementary question, Mr. Speaker. Is the Minister of Veterans Affairs not aware that on the application for the old age supplement, there is no warning that the war veterans allowance can be lost if the pension supplement is granted?

Mr. Speaker: Order, please. The question as asked is out of order.

AIR POLLUTION

EQUIPPING OF AUTOMOBILES WITH PROTECTIVE DEVICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. It involves the immediate problem of air pollution in our metropolitan and urban areas and the United States decision to put the clean air package in cars. Some time ago the minister informed the house that the Canadian government was studying the United States regulations to see whether the clean air package would be appropriate in Canadian cars. Have the studies been completed yet?

Hon. A. J. MacEachen (Minister of National Health and Welfare): No, Mr. Speaker.

Mr. Grafftey: A supplementary question, Mr. Speaker, and I ask this in very general terms. Would the minister inform the house why the studies were started, and what is their general purport?

Mr. Speaker: Order, please. This question is much too general, as I am sure the hon. member will agree.

Mr. Grafftey: A supplementary question, Mr. Speaker, which I address to the Minister of Industry. In examining *Hansard* I find that the minister undertook to contact the motor industry to see whether the clean air package would be included as standard equipment in Canadian cars. Has he kept this undertaking? Has he contacted the industry to see whether

we shall get this feature as standard equipment? Can he inform the house about this?

Hon. C. M. Drury (Minister of Industry): Yes, Mr. Speaker. The question of the so-called package will depend on the outcome of the studies now being carried out by the Department of National Health and Welfare.

Mr. Grafftey: Has the minister contacted the industry? That is what I asked.

Mr. Speaker: Order, please. This is now a debate between the hon. member and the minister.

CONSIDERATION OF NECESSARY EQUIPMENT AND STRUCTURAL CHANGES

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I should like to address a question to the Minister of Energy, Mines and Resources. In view of the serious and increasing menace to the health of the nation presented by air pollution will the government give the same consideration to prescribing the equipment and structural changes required for the control of air pollution as it is giving in the case of water pollution?

Hon. Jean Luc Pépin (Minister of Energy, Mines and Resources): I do not really know who should answer this question. I am responsible at the Federal level for the prevention of water pollution but my colleague the Minister of National Health and Welfare is responsible for the prevention of air pollution.

Mr. Starr: You mean the whole thing is up in the air?

Mr. Rynard: I will address the question, then, to the Minister of National Health and Welfare.

Hon. A. J. MacEachen (Minister of National Health and Welfare): I regret that I did not hear the question. I will read it in *Hansard* and provide an answer at the earliest possible moment.

TRANSPORTATION

INQUIRY AS TO REPORT ON MARITIME STUDY

On the orders of the day:

Mr. J. M. Forrestall (Halifax): My question is for the Minister of Transport. Can the minister tell us whether his department has now received the special study on maritime transportation?

[Mr. Grafftey.]

Hon. J. W. Pickersgill (Minister of Transport): The answer to that question is that the document has not yet been brought to my attention.

LABOUR RELATIONS

APPROVAL OF MEDIATOR'S REPORT IN RAILWAY DISPUTE

On the orders of the day:

Mr. R. K. Andras (Port Arthur): My question is for the Minister of Labour. Can he tell us when he expects the final results of the vote by the members of the railway unions, the non-operating members, in connection with the Goldenberg mediation representations?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the count was conducted over the week end. My information is that the leaders of the associated non-ops were to hold a press conference at 2.30 this afternoon, and in view of that I think it is in order for me to release the figures now. The vote is better than two to one in favour of settlement, being 19,042 for the settlement and 8,452 against settlement.

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Minister of Labour based on his report of the voting result. Can he tell us whether that result means the approval of the Goldenberg report?

Mr. Nicholson: My information is that the agreement, or rather the minutes of settlement now approved, came about as a result of the mediation by Mr. Goldenberg.

Mr. Eldon M. Woolliams (Bow River): I have a supplementary question for the Prime Minister. I wonder if the Prime Minister would tell us now whether the report by Dean Woods in respect to management-labour strife affecting important industries in Canada, is ready for disclosure in the House of Commons.

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, and it will not be ready for some time. This is a very important question. The terms of reference of the commission are very far reaching, and it will be some time before we receive their report.

AIR TRANSPORT

INQUIRY AS TO BOARD HEARINGS ON REGIONAL POLICY

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Transport.

Can the minister inform the house when the hearings on regional air policy will take place in western Canada? Can he particularly assure the house that these will take place in time to implement the policy established last year, to assist in air traffic during centennial year?

Hon. J. W. Pickersgill (Minister of Transport): I presume the hon. gentleman is referring to the hearing with respect to TransAir. I would have to ascertain the date.

FISHERIES

INQUIRY AS TO SUPERVISION OF SEAL HUNT

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Minister of Fisheries arising out of the statement he made last Monday concerning the seal fishery. I ask the minister what arrangements he is making for independent observers to witness this year's fishery. In particular, what consideration has he given to the suggestion I made to him privately, that he facilitate arrangements for the members of the standing committee on fisheries to visit the seal fishery?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, I wish to tell the hon. member that arrangements have been made to have four representatives of the S.P.C.A. attend the seal hunt and witness the operation. I remind the hon. member that our main responsibility, as requested by the general public, members of the house and S.P.C.A. societies, is to make sure there is proper supervision. All the transportation facilities we have available will be needed for that purpose.

AIRPORTS

WINNIPEG—REQUEST FOR INSTALLATION OF ESCALATORS

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Minister of Transport, who appears to be relatively unemployed these days. Would the minister consider visiting Winnipeg airport and having placed in that airport the escalators which were specified in the original plans, in order that the airport may be ready for the great increase in the travelling public by the time of the Pan-Am games this summer?

Hon. J. W. Pickersgill (Minister of Transport): On balance I think that would be more fitting employment for a contractor than for the minister.

[*Later:*]

Mr. Churchill: My question is directed to the Minister of Transport. I should like to ask him if he would recommend to the Minister of Public Works the improvement of facilities at the Winnipeg airport and thus indicate some interest in western Canada.

Mr. Pickersgill: I do not think the Minister of Public Works would have any jurisdiction in the matter but I am seeking, as the minister responsible for the establishment, to make every improvement that it is possible to make there.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Minister of Veterans Affairs. I should like to ask him whether the delay in tabling the report of the Woods Committee on veterans affairs is strictly due to a printing hold-up or whether it is due to a delay in getting it translated into French. If the latter is the case, could not the report be released in English in view of the concern felt by veterans about the results of this two year study?

Hon. Roger Teillet (Minister of Veterans Affairs): I tried to get in touch with the chairman of the committee this morning but I was not able to reach him. I trust I shall be able to ask him directly what the situation is. I have received two pieces of information which do not coincide, so I should talk to him directly in order to get the information required.

Mr. Winch: May I ask the minister why he stated yesterday that the delay was due to the printing, when he now says he does not know the reason?

Some hon. Members: Order.

EDUCATION

INQUIRY AS TO COST PER STUDENT UNDER EXTERNAL AID

On the orders of the day:

Mr. Raymond Langlois (Mégantic): My question arises out of an answer given to me by the Secretary of State for External Affairs in reply to a question on the order paper. The

answer given in French is not the same as the one which appeared in *Hansard* in English. For the sake of clarification I should like to ask the minister the following question. The English version says the total amount paid per student by way of external aid was $5,-467.29 per annum. In the French version, which does not say "per annum", it is stated that the average amount paid is $5,467.29 per student. Could the minister clarify—

Mr. Speaker: Order. This is not a proper question. Would the hon. member kindly resume his seat and also take into account the fact that today there is a limited period of time available to hon. members. He is asking for clarification of a question which was ruled out of order yesterday afternoon. Certainly this is not the time to ask for an explanation about it.

Mr. Langlois (Mégantic): May I put my question directly. Is this answer the amount per annum or per student?

Mr. Speaker: Order.

CANADIAN BROADCASTING CORPORATION

EXTENSION OF TELEVISION SERVICE IN NORTHERN MANITOBA

On the orders of the day:

Mr. Robert Simpson (Churchill): I should like to direct a question to the Secretary of State. Some time ago the hon. lady mentioned that she hoped to have information in her possession soon which would enable her to make an announcement with regard to the provision of C.B.C. network television service in northern Manitoba. I should like to ask the hon. lady whether she is now in a position to make such a statement.

Hon. Judy V. LaMarsh (Secretary of State): I thank the hon. member for the question. I have an answer I should like to give him in connection with this important matter. An announcement on this subject is also being made in the Manitoba legislature. Perhaps I might read it with the indulgence of the house; it is about a page and a half long.

Mr. Speaker: In view of the comment I made a moment ago I wonder whether the hon. lady would allow me to ask permission to revert to motions so this statement may be made.

Some hon. Members: Agreed.

[Mr. Langlois (Mégantic).]

Miss LaMarsh: I am happy to be able to tell the house that I have now been advised by the C.B.C. that its board of directors last week approved the extension of live television service to northern Manitoba.

Some hon. Members: Hear, hear.

Miss LaMarsh: The corporation has accepted the latest proposal of the Manitoba telephone system covering television network connections to Flin Flon and The Pas, where the C.B.C. now operates stations using delayed programming on film, and to Thompson and Snow Lake, where the corporation will be applying later this year for authority to build new stations.

Commencement of this service is, of course, dependent on completion of the construction schedule of the Manitoba telephone system. We are assured that this will be carried out as quickly as possible.

On this same subject, and to round out the picture I think I should note, Mr. Speaker, that the C.B.C. already has applied for permission to establish an outlet at Lynn Lake to be served by the corporation's new "Frontier Package" program of recordings. In addition the C.B.C. has provided and will continue to provide recorded program material to the privately operated station at Churchill to ensure that residents of this community continue to enjoy television service.

Mr. Speaker, I am sure I can speak for the hon. member for Churchill as well as myself in welcoming this long sought step forward in C.B.C. television coverage.

Mr. Simpson: I should like, first of all, to assure the Secretary of State that the people of northern Manitoba who will benefit from this new service will be very pleased with the announcement she has just made. I was particularly pleased to learn that the service will include Flin Flon, The Pas, Snow Lake and Thompson.

The minister has mentioned that the C.B.C. is planning a "Frontier Package" program in the Lynn Lake area, and I know this will be well received. She has also announced that the corporation will continue to provide a programming service for the community owned station at Churchill. In this connection I would ask the minister whether as time goes by she would use her good offices with the C.B.C. to persuade the corporation eventually to put in a transmitter at this point. This is not a community antenna system; it is a station which is broadcasting to the public,

it is operated solely by the people of Churchill, and I think the people there are entitled to some financial assistance.

Finally I should like to ask the minister whether she would again use her good offices with the members of the corporation to ensure that the completion of this project will not take as long as have our efforts in requesting it.

Mr. Speaker: We were on motions. We are now returning to questions.

[*Later:*]

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, my question is supplementary to the question which the hon. member for Churchill addressed to the Secretary of State and which resulted in your reverting to motions. Has the minister any idea when she will make an announcement in respect of those other areas of Canada which are not yet serviced by television and which, on a former occasion, she said would be serviced as soon as possible? Certainly the area I refer to is no more difficult than—

Mr. Speaker: Order, please.

Miss LaMarsh: Mr. Speaker, as the hon. member realizes, this is up to the C.B.C. We can use all the moral or other kinds of suasion we like, but each decision has to be made by the board of governors and conveyed to me. As soon as they have done so I will advise the hon. member.

[*Translation*]

[*Later:*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I should like also to direct a question along the same lines to the hon. Secretary of State.

For ten years now we have been asking for the same services of the C.B.C. in Chibougamau-Chapais.

Could the Secretary of State tell us what the projects are at the present time, and whether that area will soon be served by the C.B.C.?

Mr. Speaker: Order. I do not think the question, as worded, is in order.

[*English*]

Mr. J. R. Keays (Gaspé): Mr. Speaker, my question is supplementary to the question asked by the hon. member for Swift Current-Maple Creek. I wonder whether the Secretary of State could use moral suasion as well as her charm and untiring efforts, and any other suasion she may deem necessary, to request the C.B.C. to give consideration to providing the same facility for those living in Gaspé.

Mr. Speaker: Order. The hon. member for Gaspé is asking a question similar to that asked by the hon. member for Chapleau. I suggest that it is a representation rather than a question.

TRANSPORT

PRINCE EDWARD ISLAND CAUSEWAY—INQUIRY AS TO TOLL CHARGE

On the orders of the day:

Mr. Melvin McQuaid (Kings): My question is directed to the Minister of Transport. I should like to ask the minister whether the Premier of New Brunswick was announcing government policy when he said the other day there would definitely be no toll charge on the Prince Edward Island-New Brunwsick causeway.

Mr. Speaker: Order. I am perhaps not as familiar with the subject matter as I should be, but I doubt whether the question should be asked at this time.

CANADA LABOUR CODE

INQUIRY AS TO EMPLOYEES COVERED BY DEFERMENT APPLICATIONS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I have a question to ask the Minister of Labour arising out of the report he tabled today. Can he tell the house how many employees are covered by the 5,200 cases which have received deferment in respect to the Canada Labour (Standards) Code?

Mr. Speaker: The hon. member is asking for statistical information, and it seems to me the question cannot be asked at this time.

Mr. Orlikow: On the same subject, I wonder whether I may ask the minister if he could tell the house when the applications which are still before him finally will be processed.

Inquiries of the Ministry

Mr. Nicholson: Mr. Speaker, a great deal of information along this line is contained in the report itself. It will be noted that among the applications which still are under review is one which relates to stevedoring and longshoring operations in the St. Lawrence ports. I think it is only reasonable to assume that that application will not be dealt with until the Picard commission has submitted its report, unless it be unduly delayed. With regard to shipping, including ferries, there has been a request for a special inquiry in one part of Canada, and until a decision has been made on that request it is impossible to give a definite answer to the hon. member's questions. I think, however, most of the information he wishes is set out in the report. If he has specific questions I shall be glad to answer them outside the house, or inside the house if he prefers.

[*Translation*]

EXTERNAL AFFAIRS

REQUEST FOR BILINGUAL STAFFS IN EMBASSIES ABROAD

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the hon. Secretary of State for External Affairs. At the same time I should like to congratulate him on his excellent appearance on the television show called "Sel de la semaine" last night, during which he seemed to say that he never refused a well-presented request. Here, then, is my question:

In view of the grievances and suggestions made by Mr. Antonio Barrette, former Canadian ambassador to Greece, would the hon. minister or the government immediately take the necessary steps to ensure that the personnel in Canadian embassies is bilingual?

Mr. Speaker: This question, if in order, could be put on the order paper.

Mr. Allard: At ten o'clock, Mr. Speaker.

[*English*]

CANADIAN FLAG

SUGGESTED PUBLIC HOLIDAY TO HONOUR ADOPTION

On the orders of the day:

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I should like to direct my question to the Prime Minister. Since there is no national holiday between New Year's and spring, last year I asked the Prime Minister whether he would consider declaring February 15 national flag day and a national holiday. I received a written reply that the government was studying this matter. My question, Mr. Speaker, is this. Has the Prime Minister completed his homework, and is he now ready to announce February 15 as a national holiday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it seems that this is a very appropriate question on this day which is the second anniversary of the raising of Canada's national flag. The matter is still under consideration. I hope to have an announcement regarding it before long.

FINANCE

SUGGESTED PROVISION OF "REAL DOLLAR" BONDS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is directed to the Minister of Finance. In view of the continuing rise in prices could the hon. minister say whether the government is considering what Professor H.C. Eastman of the University of Toronto, when speaking recently called an "obvious step" of providing "real dollar government bonds which individuals could buy, thus avoiding the loss of their investments through price increases"?

Mr. Speaker: Order, please. While I acknowledge the question, I will recognize the hon. member for Berthier-Maskinongé-Delanaudière.

HEALTH AND WELFARE

REQUEST FOR HEALTH WARNING ON CIGARETTE PACKAGES

On the orders of the day:

Mr. Antonio Yanakis (Berthier-Maskinongé-Delanaudière): Mr. Speaker, my question is addressed to the Minister of National Health and Welfare. Now that his department has published the long awaited study showing the excessive mortality from heart disease, lung cancer, bronchitis and emphysema caused by cigarette smoking, is it the intention of the minister to implement my private bill, No. C-130, an act to amend the Tobacco Restraint Act, which would obligate cigarette manufacturers to specify on the packages of cigarettes

"Caution: Cigarette smoking may be hazardous to your health" and also eliminate misleading advertising?

Mr. Speaker: Order, please. I would think the question asked by the hon. member is similar to that asked by the hon. member for Okanagan-Revelstoke. I suggest that both questions should be placed on the order paper.

WAYS AND MEANS

The house in committee of ways and means, Mr. Rinfret in the chair.

EXCISE TAX ACT RESOLUTION

Resolved that it is expedient to amend the Excise Tax Act to provide that, effective January 1, 1967, the rate of the consumption or sales tax imposed under section 30 of the said act be increased from 8 per cent to 9 per cent with respect to all goods subject to the said tax, except articles enumerated in schedule V of the said act and building materials that were exempt from the said tax immediately prior to June 14, 1963.

• (3:30 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, last night when the house adjourned, I was commenting the resolution providing for a 1 per cent increase of the indirect federal tax. In fact, the resolution mentions that the tax is increased from 8 to 9 per cent. However, we know full well that it is not an 8 per cent tax but an 11 per cent tax. We are dealing with an 11 per cent indirect sales tax, hidden in the cost price, and it is being raised to 12 per cent.

Mr. Chairman, recently the minister has been trying, at least according to his speeches, to check inflation, to check rising costs and the devaluation of the Canadian dollar. Still, through these increases in hidden taxes, the minister is the one who contributes the most to inflation and the devaluation of the Canadian dollar.

Yesterday, I explained that a 1 per cent increase in the federal sales tax could lead to a 4 per cent increase in the cost of living, because, as we know, the provincial sales tax of 6 per cent, for instance, applies to the total cost price, including the 11 per cent and, from here on, the 12 per cent. Consequently, when the total cost price of the manufacturer goes up by 1 per cent, the wholesaler, the retailer and all the middlemen will take their percentage off that increase. I showed yesterday, with figures, how an article costing $10 would sell for far more today, due to the increase in the sales tax, from the wholesaler to the consumer through the retailer and other middlemen. I added that we would witness, not a 1 per cent increase in prices but rather a 2 per cent increase.

Mr. Chairman, I say therefore to the Minister of Finance (Mr. Sharp) that, in times such as these, where prices are skyrocketing, and everyone complains continuously of the rising cost of living, the move he is now contemplating will lead to even greater inflation than any other decision did in the last year, whether they concerned increases in salaries, or anything else.

Mr. Chairman, I do not hesitate to say that the Minister of Finance is the first to do the opposite of what he preaches in his speeches. Even though he advocates price stability, he is the first to increase inflation by raising taxes as he is doing today.

In my opinion, there is another way to finance old age security pensions without increasing the sales tax. We did not complain, or at least, I did not, about the first resolution designed to provide part of the funds required to pay the $30 old age pension supplement to needy persons, because in that case, the maximum old age security tax on the personal taxable income was increased from $120 to $240, which meant that people with higher income were being taxed more while those in the lower income groups were not. That is why I did not object to that first resolution.

As for the second one designed to increase the sales tax by 1 per cent, I feel that such a decision will have repercussions on the whole economy and all the more as everything is on the increase nowadays.

One can read on the first page of today's *La Presse* that there will soon be a general increase in Quebec Hydro rates, when electricity rates were not supposed to increase but rather to decrease following the nationalization of Quebec power companies. However, hardly two years later, there is a general increase in electricity rates in Quebec. The construction of power stations is said to be costly. It is because the Minister of Finance imposed all those new taxes that all prices are going up, in the construction field as well. As a matter of fact, who pays for that, if not the small consumer, the small wage-earner who is constantly thrown off balance by the increased cost of living, inflation and the erosion of the Canadian dollar?

Therefore, Mr. Chairman, I say to the Minister of Finance that even though he

makes eloquent speeches against inflation which presently prevails in Canada, he is the first person to blame because of his tax increases, and I vigorously object to this new increase which will create even more confusion and be the cause of more economic crises in Canada.

Mr. Latulippe: Mr. Chairman, I would feel remiss if I failed to speak to this resolution, because it strikes at the very heart of the Canadian people, I should like to ask the minister the reason for these tax increases, the valuation of Canadian dollar and the dissatisfaction all over Canada? The unions are dissatisfied as exemplified by strikes occurring throughout the country. Surely, Mr. Chairman, that is food for thought.

If we take a look at the economy of our country, then I submit to the hon. minister that it is unbalanced. Our economy is not balanced. And, as we go on applying the present system, we go on off-setting the economy, causing Canadians to be dissatisfied and making it more difficult for them to earn a living. Moreover a certain group of people are living off the fat of the land, taking advantage of the fruit and labour of other people; the system is fine for these individuals who succeed in monopolizing all interests and who keep all the profits to themselves. But this group is a minority in our society.

An important part of our population is happy today, Mr. Chairman, that its purchasing power has been increased by about $30 per month, or $1 a day. I am referring to the old people. For that, I extend my congratulations to the government and to all who forced the government to consider the essential needs of a small part of the Canadian people who are without other income.

It is something, Mr. Chairman, I realize it. It is better than nothing. And that is why I say "well done" to the government and to those who have helped in obtaining this increase of $30 per month for our senior citizens who well deserve a softer life in their declining years for having gone through life financially harassed by a tax system that is unfair, inhuman, completely off kilter, inefficient and without any relation whatever with the financial facts of our national production, of our worthy population ever eager to do its best.

Yes, Mr. Chairman, the old people receive a guaranteed minimum income of $105 per month, and they can start to live properly.

[Mr. Grégoire.]

This is cause for rejoicing and calls for congratulations for the government that passed this measure. It was high time.

What is regrettable, Mr. Chairman, is the attitude of the government particularly of the Minister of Finance and Receiver General of Canada (Mr. Sharp) on the means required to raise the monies necessary to meet this additional guaranteed income of $30 per month for our older citizens. I may be blamed for repeating the same thing over again but it is due to the fact that the Minister of Finance and Receiver General of Canada always repeats the same gestures.

• (3:40 p.m.)

And when the minister needs money to administer the business of the country, he always turns hurriedly towards the small wage earners, toward the people to get it. You asked for a $30 a month increase, here in the bill.

And everybody finds that normal. Well-known newspapermen, editors, leading newspapers repeat that wonderful sentence "The people ask for bonuses, the minister grants them, asking them at the same time to foot the bill". And that results in a tax increase, and the people bow to that request and accept that inevitable solution. And the minister is the winner. He might have left the people with the impression that all the increases, all the bonuses granted to the poor subjects of the realm require a tax increase, so that the people say in the long run that what the government gives with one hand, it takes back with the other, even twice as much, according to established practices.

The government can no longer balance its yearly budget. Every year, it shows deficits and the more it taxes, the more it has to borrow in order to make both ends meet. And the people are paying more and more taxes in this country, more and more interest on debts that are forever accumulating.

And yet, it is being said that Canada is a prosperous country. It is the most prosperous country in the world, next to the United States, our neighbour country. If our country is prosperous, Mr. Chairman, how is it that it cannot make both ends meet, that it cannot finance at a profit, why is there always a deficit? When someone is prosperous, he usually can make both ends meet every year.

If there is prosperity in Canada, Mr. Chairman, where is it? Can we see or touch that prosperity? And where do we get the money required to finance the needs of the government?

No, Mr. Chairman, the only way we have of financing the current needs of the government, is to levy taxes, particularly on small incomes, on the purchasing power, on consumption, on small wage-earners, even on the under-fed.

In the bill before us we are being asked to add a further 1 per cent to the consumption tax. The sales tax will be increased to 12 per cent from 11 per cent. That is all there is to it. To summarize this whole transaction, if more purchasing power is given, approximately $30 more per month to our senior citizens, it must come out of the purchasing power of all other citizens in Canada. The purchasing power is increased on both sides, but it is lowered elsewhere. Thus the whole Canadian population is worse off than before.

Indeed, what this involves is the setting-up of a costly system to administer this $30-per-month guaranteed income supplement to people over 68 years of age. When we add about $280 million worth of purchasing power for our senior citizens, that same amount, plus the tremendous administrative costs, come out of the pockets of all other Canadian citizens.

The situation in which people, in general, find themselves is, or will be, worse than before. And who profits by this financing method of our government, of this method of taxation of our government?

Do you want to know who always benefits from the perpetual abuse of the purchasing power of the low income of the Canadian people?

Do you want to know how prosperous part of our population really is, when the rest suffer so much hardship and poverty?

My information comes from no less a source than our national statistics, the statistics of the Minister of Finance which could have shown him where to levy taxes, if he cannot find money elsewhere.

In 1966, Mr. Chairman, Canadian production reached the $56 billion mark but consumption only reached $38 billion. Therefore there was a surplus in Canada of $18 billion, and yet the minister does not know where to find the $280 million he needs.

The common people in Canada, the small tradesmen or the small manufacturers benefitted to the extent of $38 billion only while the other $18 billion went to a few large financial institutions.

Are those $18 billion which went into the coffers of a small group of prosperous companies and individuals in Canada so sacred that this small amount of $280 million could not come out of this sum. Those $280 millions must come out of the limited purchasing power of the poor people instead of the $18 billion surplus earned by a few privileged individuals and companies in Canada.

Who governs in Canada? Are we living in a democracy elected by the people, for the people? Are we a plutocracy elected by financiers, by banks and company directors only? Whom does the Minister of Finance represent? Is he the representative of the whole people or of the rich, the powerful, the scholars only? When he needs $280 million for the administration of his department, he always spares the "big-earners" who capitalized $18 billion in 1966, and he squeezes the low wage-earners whose deficits and debts increase every year.

That is the topsy-turvy way in which the Department of Finance works, Mr. Chairman. The purchasing power of the low income groups is curtailed to increase the capitalization yield of millionaires.

Now, Mr. Chairman, we are not against millionaires, we are not against capitalization but, under the present system, if other means or sources of revenues cannot be found to obtain capital, the small wage-earner should not always be the one to be overtaxed and the protection of large corporations with billions of dollars hidden in their reserves should cease. Big businesses are allowed to hide all kinds of reserves and the people suffer hardship as a result. When new taxes or new credit restrictions are imposed, low income groups are always the ones who suffer, who pay and who are taxed.

The present sheep-shearing system, Mr. Chairman, is designed to fatten the hogs. Is there prosperity in Canada when 2,400,000 small wage-earners cannot support their families because of their low income or are not making enough money to even pay income tax? Yet the cost of living goes up for them through a taxation system which is crushing low income groups for the benefit of big businesses.

How long will this go on, Mr. Chairman? When will those who are getting fat on crumbs falling off the table of the Canadian poor be satisfied?

Mr. Chairman, for over three years now we have repeatedly asked the Minister of Finance to change his taxation methods. He does not seem to know what to do, so he

carries on as heretofore. Is that all he can do, carry on as heretofore? It may be true that man is descended from the monkey, but judging from the minister's actions, some men may not have descended yet.

Mr. Chairman, Canada can no longer be administered as in the past. The past is gone. The past has done its work. The future is at our door-step now and the people to-day do not want yesterday's methods. A nation producing affluence will no longer be content to live in poverty, misery, need and insecurity.

Each year, compared with those citizens who deny themselves the necessities of life, others accumulate some 18 billion in capital. Is this what we call economic balance? Is this the result of what we call a sound administration? Is that what is called good currency circulation? Is that what is called equity among the different members of the same society, those who suffer and those who enjoy life, those who are increasingly suffering besides those with ever-increasing enjoyment and assets?

The proper solution to present conditions has been suggested. Drawers are full of data which are gathering dust and are not taken into consideration, because the situation is deemed satisfactory. Those who have provided slush funds must be repaid. This is the secret of the minister's unconcern before the confusion of the people, the deficit of the government and a $18 billion capitalization of a few individuals and private companies.

The minister has a free hand. Now that he is making up the supplementary guaranteed income of $30 per month with taxes levied on the small wage-earner, with increases of the cost of living and price increases on goods, he expects that the people will no longer ask him for any free services. But he must not rely so soon on his success. The old people are not the only ones who need a guaranteed income for a strict vital minimum, for the right of living in Canada.

This is only the beginning. The minister would do better to ascertain where to raise revenues and levy taxes. He should immediately collect them from the $18 billion of annual capitalization rather than from the low income of small wage-earners who must support their family on a salary insufficient even for an unmarried person, a salary which they do not find satisfactory, a salary which is not sufficient to provide for their normal needs.

• (3:50 p.m.)

Mr. Chairman, the people will never be satisfied as long as family allowances are not

[Mr. Latulippe.]

increased, as long as family allowances are not adjusted according to the cost of living and as long as a salary has not been granted to students, to mothers, in short to all those who need it, in Canada.

In any case, what we need in Canada, Mr. Chairman, is consumers. We have them, but they do not have money to purchase products. The purchasing power is reduced by an increase in taxes, an increase in salaries, an increase in interests on capital. The purchasing power is reduced and so is the value of the Canadian dollar. Canadians have less and less purchasing power. The more Canadians produce, the less money they have to purchase those products.

That situation is not normal, Mr. Chairman.

This situation should be remedied. In such circumstances, one should take the advice of those who suggest solutions. If the minister cannot find better solutions, than those suggested to him, he should at least be gracious enough to accept the ones that are offered. In passing, I should like to tell the hon. minister that we do not seek power, but solutions. If the solutions proposed by the minister are not valid socially and do not satisfy the needs of the people, he should change his way of proceeding. If he cannot find other practical ways of stabilizing the national economy and balancing the budget of every family and individual, let him accept the solutions of those who have found some. Those who offer solutions to the minister are not irresponsible people. The problems have been studied for years, and the minister has not been able to find better solutions for them; he should at least accept those that are offered to him. One fine day he will see that he is able to bring about a satisfactory settlement of the unbalanced economic situation that we are experiencing at the present time.

We even want this guaranteed income for those without personal income to be taken from the fiscal and administrative privileges that are enjoyed by large companies and from people who are granted all kinds of tax reductions because their income tax is not deducted at the source.

We have nothing against the people whose income tax is not deducted at the source. We wish everybody could be like that. Once again, Mr. Chairman, if another formula cannot be found besides taxing at the source to get revenue, we should know at least that those who have money, those who make money, those who have capital, those who

have hidden reserves, those who benefit from the present system are also taxed.

With all the people, we want that guaranteed minimum income to come out of the capitalization of $18 billion of some people and companies which are the only ones to know prosperity in Canada, next to the governments which accumulate deficits each year, the large families, the many people who are in debt up to their ears, who cannot balance their budget, and much less pay their taxes.

As far as the small manufacturers and businessmen are concerned, they will soon have to give up, because they are so heavily taxed that they cannot make enough money to pay their taxes. They are unable to expand, to increase their production. They cannot do it because they need new capital and the government will get it through its taxes.

The small manufacturers and businessmen are on the brink of bankruptcy, not to mention those who go bankrupt. There will be a great number of business failures within a few months. As a matter of fact, a large number of small businesses, stores and industries are unable to expand, to balance their budget, to pay their provincial, municipal and school taxes or even their federal taxes.

That is why, Mr. Chairman, we should be most concerned. The situation is serious. If the free enterprise system is to be maintained and helped, if we do not want to be led into the arms of socialism, into the arms of absolute communism, into state socialism which controls and plans everything and where the state spends all the taxpayers' money for them, we must be concerned about the present situation, we must be practical and bring in legislation to balance the Canadian economy. In every sphere of society, in industry in business, in private families, there is a general lack of balance, and that is why there is cause for dissatisfaction across the country.

In conclusion, Mr. Chairman, I shall say this to the minister: It is urgent that he open his eyes and ears and consider the deplorable state of our economy. Reforms must be implemented and they are badly needed because the people of Canada cannot and do not want to wait any longer. Families in need of food cannot wait any longer for food on credit because they have been using credit long enough and their credit rating is now nil. They cannot get any more credit. They must have money, "cash money", and it is our job to see to it that families and institutions are able to administer their own affairs, take advantage of the surplus of goods in Canada, even though one quarter or one third of the population are unemployed or non productive for some reason or other, receiving unemployment insurance or social welfare benefits. If our system enabled us to have a balanced economy, all those people would be working and this would increase productivity which would result in a better economy for Canada; at present they cannot even purchase goods since they do not have the money necessary to provide for their needs.

[*English*]

Mr. Peters: Mr. Chairman, everyone in the house must have wondered at the philosophy of the government in imposing two taxes on the Canadian public for the purpose, as the minister said, of balancing the budget as a result of the granting of the old age supplementary benefit. There must have been surprise and perhaps even shock when the Minister of National Health and Welfare said that we will have to provide all Canadians with at least a minimum standard of living. It is possible that many people in the Liberal party disagreed with that statement and I think one of them must have been the Minister of Finance. When he introduced the increase in the old age security payment he did not take the opportunity to eliminate the ceiling, something which has been recommended on many occasions and would have brought about the same result as raising the limitation on contributions from $120 to $240. Actually the minister has protected the upper level of taxpayers and therefore he has done exactly the reverse of what the Minister of National Health and Welfare intended in trying to establish a minimum income base. Certainly the sales tax affects all Canadians but it is highly detrimental to people with low incomes. The minister has said that such things as building materials will be exempted from this tax.

• (4:00 p.m.)

Mr. Sharp: Food and rent, too.

Mr. Peters: Food and rent were exempted before, so we are getting into a different field. Prior to 1963, of course, there were taxes applied on building materials, but we decided we were not going to increase the cost of building materials because the opportunity for house building in the low income groups has practically been eliminated. It is a fact that the poor people in every community in Canada are unable even to paint their houses

let alone repair them because of this tax on building materials.

I asked one of my colleagues if I would be correct in assuming that an increase in the sales tax of 1 per cent would probably increase the cost of living by 2 per cent. Last night the hon. member for Lapointe indicated that he believes the cost of living would be increased by 5 per cent. I assume, therefore, I would not be incorrect in suggesting that the cost of living would be increased by 2 per cent. I believe the minister had no right to slap the wrists of the poorer people, whom we have been unable to help, by adding to their difficulties through an increase in the sales tax which is not going to do what the minister implied it would do, that is, balance the old age security fund. In my opinion the fund could have been balanced if the minister had removed entirely the ceiling on contributions to the old age security fund made by those in the higher income brackets. These moneys would have gone directly into the fund. The results achieved when we increased the ceiling on payments into the fund from $90 to $120 indicate that if we had long ago entirely removed the ceiling, which only applies to the upper one-third of income taxpayers, sufficient money would have been provided for a considerable length of time.

I feel that the sales tax is extremely detrimental. I believe that the Liberal party should look at the situation because one minister is trying to raise the standard of living of our people to a reasonable level by setting a minimum income of $105 while at the same time another minister is counteracting that proposal. The Minister of National Health and Welfare has said that eventually there should be a guaranteed minimum annual income for all Canadians, and with that I agree. I believe it is time we took a look at the protection that is necessary for crippled children, for those who are mentally defective and others who are handicapped through no fault of their own. They should be provided with a decent standard of living.

But what have we done? Every person who has to buy clothes, which in Canada are a necessity of life, is to be charged an extra 1 per cent. However, the 1 per cent will be multiplied by the effect of provincial taxes, profits and so on. The increase will probably amount to 5 per cent or 10 per cent finally. These people are not able to buy automobiles or luxury goods and they will find the cost of their ordinary needs increased by reason of the increase in the sales tax.

[Mr. Peters.]

I suggest that in some cases the cost of goods will be 100 per cent higher. I suggest there are many members on the government side who recognize the fact that the 1 per cent increase will be multiplied four or five times and will bring undue hardship to all their constituents who are hard-pressed now. The increase will tend to discourage many constituents who are finding it difficult to make ends meet. I was watching a television program the other night on which it was suggested that one family had a bill of $240 for drugs for one child who has a permanent disability. I believe we would not be true to ourselves if we were to increase the burden of this family by 5 per cent or 10 per cent. I suggest this is the effect a sales tax increase will have.

Mr. Sharp: Will the hon. member permit a question? Would he make the same comments about the sales taxes in the provinces?

Mr. Peters: Yes, I certainly would.

Mr. Sharp: Including the sales tax imposed by the province of Saskatchewan under a C.C.F. government?

Mr. Peters: Yes, the same remarks apply to sales taxes across the board. This type of tax is a greater burden on the low income group than on others. I believe the Saskatchewan tax was for educational purposes in the municipal field where most provinces have difficulty. The individual with a low income is harder hit by educational taxes than by other taxes. I believe it is true in Saskatchewan, as it is in Ontario, that the sales tax has had a more prejudicial effect on the poor people than any other type of tax.

I think the minister will agree that the sales tax on commodities that have to be purchased by individuals is normally added on at the manufacturing level and is multiplied by provincial taxes and the profit that is taken. Eventually the consumer has to pay all this. The minister has mentioned that food is exempted, and that is true. However, when you walk into a grocery store you find that many commodities which the poorest people in the nation have to buy are taxable. It has always surprised me that a necessary item like soap is taxed. Toilet paper, cleaning fluid and many other commodities are also taxed. The increase in the sales tax will apply to such items and will work great hardship on the people.

• (4:10 p.m.)

I suggest that the minister has been giving us a lecture. If the increase in the sales tax is a manifestation of his philosophy, perhaps the nation should be given this type of lecture. Perhaps we should be told to pay our way and to balance our budget. However, just because the minister is angry at the decision of some of his colleagues to provide a minimum supplementary benefit for needy old age pensioners, he should not tax those who are in desperate straits. This is particularly so in the case of the old age pensioners and those in the low income brackets.

I believe that the $155 million which will be added to the old age security fund may still not be enough to keep the fund stable, though I have never felt that it necessarily should be. I have always felt that most of the old age pensioners have worked hard during their lives, at times for as little as 25 cents an hour, and that our present gross national product has resulted from their earning power over the years. But because the cost of living is rising today, these people have been unable to prepare adequately for their retirement. If we are unable to work out some system to care for our elderly citizens through a fund to which they have contributed, then I think it is generally agreed by most Canadians, our gross national product being what it is, that some other means must be found to provide for them.

I believe that the application of this tax is wrong and that the minister will hurt those least able to pay it. In my area many people are applying for the disabled person's allowance, widow's allowance or mother's allowance, and they send me a list of their groceries with the prices they have to pay. Their budgets are very tight, and if the increase in the sales tax is applied to even half the items that they buy it will mean they will have to economize in the only way they can, on food. In this event the minister will to an extent be depriving these people of a commodity that is not even subject to the tax.

I suggest that most people will disagree with the minister's effort when he introduced this budget on December 19 to balance the old age security fund by collecting additional tax to help pay for the supplementary benefits. If we wanted the fund to be in a solvent position we would obviously have removed the $240 ceiling. This step would probably affect those in the $10,000 range who would be able to continue making payments to the fund above the amount of $240 and up to the maximum of their earning capacity. This would provide additional revenue to enable the minister to balance the fund. It is very difficult to say whether this would meet the entire cost. I have not looked up the figures to see how much we took out of the fund when we raised the levy from $90 to $120. Therefore I am only guessing that if we went beyond the $5,000 taxable level the fund would be balanced.

However, I suggest that the country is not necessarily interested in balancing the fund. Enough elections have been fought during the past five years on the old age pension issue to convince everybody in the country that all Canadian citizens want old age pensioners to have a decent standard of living. The people are willing to pay for this because they know they have to. No benefit can be provided unless somebody makes the contributions.

I suggest that many members of the Liberal party who applauded so loudly when the minister introduced this measure will have to wrestle with their consciences when they come to vote for the 1 per cent increase in the excise tax raising it to 12 per cent. They know that it will have a detrimental effect on all those in their ridings in need of welfare who do not now receive the old age supplement. If these members are honest with themselves they will realize that this tax will apply to many of the consumer products these people require.

Other hon. members have mentioned an aspect which will probably appeal to some members much more. I refer to the effect this tax will have on the manufacturing processes in Canada which enable us to trade with other countries. Having talked to officials of the Department of Trade and Commerce about trade with other countries, I believe that an increase of even 1 or 2 per cent in the price of our commodities will make the difference between whether or not Canadian manufacturers will be able to export their goods.

So, Mr. Chairman, for many reasons I am prepared to oppose the introduction of the 1 per cent increase in the sales tax. I might say to the minister that had I been a member of the Ontario legislature when that government took the retrograde step of increasing the sales tax in that province, I would likewise have been happy to oppose such a step as being, in my opinion, not the type of tax that is either good for the economy or good for the low income earners.

Mr. Rynard: Mr. Chairman, I should like to make a few comments on this resolution. First of all, may I say that I think one of the bad features of this tax increase is that the cost of living will go up further. We are trying to help the lower income group, which includes the old age pensioners, by introducing a guaranteed income; yet we are increasing the price of many items that these elderly people need to buy.

Not only that, Mr. Chairman, but we are experiencing difficulty today in competing in the markets of the world. We are committing the folly of increasing our sales tax by 1 per cent, thus making it still more difficult for us to compete. I believe, that this principle is wrong and I am wondering just where we are going in the field of taxation.

In the first place, Mr. Chairman, how necessary is this tax increase? As I understand it, there is a fund, though the Minister of Finance does not seem to know where that fund is. I have heard it said in the house that there is $350 million in the old age security fund. While the amount goes up and down, there ought to be some way to keep the fund in balance. That has not always been done. If there was money in the fund why was it necessary to increase the excise tax? Why could this money not have been used?

• (4:20 p.m.)

The minister says that we must pay as we go, that we must keep things in balance. Why could he not have expended some of the $350 million before raising the sales tax by 1 per cent?

Mr. Sharp: May I answer the question? The fund is purely a bookkeeping entry. There were no funds available. They had been used for other purposes. The fund is merely an account of the amount of tax received and the disbursements paid out. I can assure the hon. member that to find $280 million I had to borrow or impose taxes. Under the circumstances I felt I should raise taxes.

Mr. Rynard: Mr. Chairman, I accept the minister's statement. I still cannot understand why then we do not operate on a pay as you go basis. If there was no money in the fund, it has been used for other purposes. Why could the minister not take the money he needed from the consolidated revenue fund, where it must have gone?

Mr. Sharp: There is no cash available in that fund. It is simply a bookkeeping item covering the receipts and disbursements. I can assure the hon. member that if I had had spare cash I would not have imposed these taxes. I imposed them purely to raise the cash necessary to make the payments. I have no other source except by borrowing from the public.

Mr. Rynard: Mr. Chairman, in other words, that money has been used elsewhere. It went into general revenues and has been used.

Mr. Sharp: May I also add that the fund was in deficit. The additional money came out of the consolidated revenue fund. If you look at the history of the fund you will see that it has been in an over-all deficit position since its beginning.

Mr. Rynard: In effect we are paying for our past debts?

Mr. Sharp: No. It is bookkeeping.

Mr. Rynard: Will the Minister of Finance not agree with me that it casts a reflection on the old people of this country to say that this tax has been imposed to give them money? I do not feel happy about that. We are saying to our old people, "We have increased taxes to provide you with money." I understand that raising the old age security tax ceiling from $120 to $240 will bring in about $150 million.

Mr. Sharp: About $135 million.

Mr. Rynard: Would this not have been adequate for a while at least without increasing the excise tax?

Mr. Sharp: No, Mr. Chairman. I would still have had to raise money. I would have had to find the remaining $155 million and I found it by applying the 1 per cent increase in sales tax. I would have had to raise money in some way. I went over the various alternatives in my budget address and gave the reasons for selecting this alternative. One way or another money had to be raised; otherwise I would have had to go into the market and borrow the $155 million. It is as simple as that.

Mr. Rynard: This high finance and bookkeeping are somewhat confusing. I would think that the $130 million odd would have covered us for some time in the foreseeable future. This may not be a fair question, but can the minister say how long it would take to use up the $130 million odd?

Mr. Sharp: In the budget address, Mr. Chairman, I believe I predicted that the fund

will remain in balance until 1970 when it will again begin to go sharply into deficit. I did not feel I had a responsibility to make provision beyond that date, by which time the age of recipients will have fallen to 65.

Mr. Rynard: I thank the minister for that answer. This program is projected into the future. Some people in the old age group will not receive anything under the guaranteed income plan. Many will receive $1 or more up to $30 per month. The minister is taxing people who earn, say, $50 a month. People who have done a little work and have earned that much will be taxed $25 by the government. They will therefore obtain about $5 in guaranteed income.

It strikes me that somewhere there is unnecessary bookkeeping and bureaucracy. We are probably looking too far ahead. While nobody can predict exactly what future amounts of money will be required, I would have been happier had the minister used the $130 million and then said to the country, "We need more money; we shall have to impose a tax." This would have been a more common-sense approach, more fair to the old age pensioners. They would not have been reminded that a tax was imposed for them.

I can hear some old people saying, "It seems we must be reminded that we are causing increased taxes and raising the prices of goods everybody buys." The old people earned their money, money that some of them found hard to earn, when the dollar was worth one-third of today's dollar and their wages were less than one-fifth of today's wages. It would have been better had the minister or the government brought in a provision to pay something below $105 a month and utilized the Canada Assistance Plan for increases instead of adopting a plan offering up to $105 a month with a means test in conjunction with programs involving another means test administered by provincial governments. If the minister is as good at bookkeeping as he appears to be, why, especially in view of the deficits which have been mentioned, could he not have found other places to save this money instead of going into a field affecting everybody in this country?

To recapitulate, I say that raising the tax by 1 per cent will make competition more difficult. It will cost the people more money for the things they want. I am alarmed about this. Over one third of our gross national product today goes into taxes. The Minister of Finance must be as alarmed about this as I am. Where does it stop? We are not relieving the municipal taxpayer who still has to pay educational taxes amounting to half of his municipal taxes. Yet we are talking about more taxation which will make it more difficult for people paying municipal taxes to make ends meet. Increasing the sales tax by 1 per cent means, in all probability, a 2 per cent increase at the retail level.

• (4:30 p.m.)

Again I express regret that this tax has been imposed. The minister should have used the $130 million he will collect, then used the consolidated revenue fund, and then proceeded on a pay as you go basis. Such a policy would have been better received and would have cast less reflection upon the old age pensioners who are only receiving what is their due.

[*Translation*]

Mr. Gauthier: Mr. Chairman, I shall not be very long. I cannot help rising when this new tax is imposed. My colleague, the hon. member for Compton-Frontenac (Mr. Latulippe) made a magnificent speech, and I support him fully when he objects to that new increase or to that new procedure of the government to get funds.

Be assured, Mr. Chairman, that we, in our party, are totally unable to support the government with regard to that legislation. We shall vote against it and we shall invite as many members as possible to object to such a procedure. We must denounce the misleading approach used by the government to impose again a new tax, and make the people believe that it is a gift for them. The legislation starts as follows:

> That it is expedient to amend the Excise Tax Act to provide that, effective January 1, 1967, the rate of the consumption or sales tax imposed under section 30 of the said act be increased from 8 per cent to 9 per cent with respect to all goods subject to the said tax—

Now, Mr. Chairman, here in this expression "from 8 per cent to 9 per cent", it seems that the minister wants to soften the whipping that he is going to give once again to the poor taxpayer, to the small worker. The minister should tell him—at least, he should be frank —that the new tax of 1 per cent that he is imposing will actually increase the excise tax up to 12 per cent. Why not cease to play with words. From 8 per cent to 9 per cent? No, no. The tax actually stands at 11 per cent. Why does not the minister simply say that from now on, it will be 12 per cent, in order to

show the people he is a little more frank, because when I hear such an announcement, I am wondering whether a minister can, in all seriousness, go back to the people without putting on at least a mask of sincerity.

That is partly what I do not like in practically all those pieces of legislation. On close study, one realizes that the final purpose of government measures is always to take more money from the taxpayers.

It is somewhat like fishing. The most attractive bait is put on the hook which is as small as possible to catch the whole thing. Successive governments have always proceeded in that manner. They weaken the worker, not enough to kill him but just enough to hold him and deprive him of any energy to revolt against governments.

Such is the rule of the game, because if the taxpayer becomes too strong, if he is given too much money and too much latitude, he would be very likely to revolt. Believe me, financiers secure in their position would not remain that way very long.

The people are weakened by taxes and their purchasing power is reduced all the time. Thus, it is possible to satisfy those who give orders.

Mind you, I am not criticizing the minister at all today. I duly noted his answer to the previous speaker who asked him whether he could not have found those $280 million elsewhere. The minister answered: there were only two things I could do, either borrow or impose a tax. Those were the only two methods, according to the minister: borrow or impose a tax.

I would have like the discussion to go on, because I understood the minister's words to mean that when a tax must be imposed, it always applies to the lower income groups.

I would like to hear the hon. minister say just for once if it would have been possible to get this money from those who can pay, the big financiers, whom he is constantly protecting, to whom he grants favours every day and who are permitted to have hidden reserves totalling two, three, four and five million dollars. We are told that there was no other alternative, that he was forced to introduce this tax. But to whom should it apply? We feel this tax should have been imposed on those who could pay.

I understand the hon. minister's position quite well. They could not act otherwise because they were elected precisely by those important financiers; they owe their seats to these people and they must watch over their

[Mr. Gauthier.]

interests. It is well known that the two old parties are supported by financial interests. Someone was telling me the other day: "What can we do? They elected us, and we must work for them".

The minister is consistent. He was elected by financiers to protect them, to save them, to let them make money to the detriment of the people, as always and he fulfils his functions. What I do not like is when he tries to make the people believe that he is working in their best interest. This I like much less. Let him say it when he returns before the people: "I have fulfilled my function. I was elected by the financiers and I have worked on their behalf. If ever you want people to work for you, elect them. So far as I am concerned, I have worked for those who have elected me."

Well, Mr. Chairman, this is understandable, especially when it is realized how members of our group have been elected. They were elected with the pennies of the people, of the workers. We cannot put up with this sort of thing and that is why we insist on objecting. And we ask the people to open their eyes and to see how much they are being hoodwinked. If the people fail to open their eyes and if they keep on voting for these people every four years for $2, $3 or $5, I say that within two, three or four years, as the hon. member for Compton-Frontenac mentioned, in this democracy which is not a democracy at all but the worse monetary dictatorship ever in any country of the world, we will not hear anything more about private enterprise. To think that in our small towns the situation is such that certain businessmen are trying to sell their property because they are overtaxed.

There are municipal, school, provincial and federal taxes, and when all those taxes are paid, there is barely a livelihood left. And you have that 11 per cent tax on building materials which will increase by 1 per cent. If the government has no other means than to tax the worker, it should resign, for it has failed at its job.

It is undermining the foundations of this country in order to please a handful of big financiers. I believe the people will refuse to stand such a hoax any longer on the part of financiers and especially of governments which endlessly bait them in order to catch them and sell them to financiers.

Some of the older people will receive a maximum of $30; some others will get $20, $2, $3. In my area, a small group of people, about 15 per cent of the older people, will get a

little more. Perhaps more older people will get a larger amount in large centres, but in my area most of them are going to get something, namely $3, $4, $5. Now in order to be able to give $4, $5, $10 or $15 more to older people they are taxing everybody. Yes, everybody, except the rich. When I say everybody, I mean the people as a whole. Great care is taken so that the rich will not be taxed. They are taxing the people as a whole, in order to give crumbs to older people, to provide bureaucrats with a handsome pay or to snoop around in the homes of our older people and then they will go proclaiming throughout the country: See, we gave you $30.

No, Mr. Chairman, I want to draw the people's attention to the fact that it is only a masquerade like most of the welfare legislation adopted here, and we strongly object to all that trickery practiced against the people.

• (4:40 p.m.)

[*English*]

Mr. Mongrain: Mr. Chairman, I have listened to the criticism of this bill by the opposition. I should like to say a few words in joining with the critics of the government because I have many reasons for blaming the government today and would like to expose them to the house. First, I should like to blame the government for not paying salaries to all Canadians and for not paying 100 per cent of the educational costs of students up to age 30 or 35 or for all of their lives should they wish to continue to go to university. I should like to blame the government for not keeping the three services, the army, the navy and the air force, for not doubling the pay of each member of these forces, and for not tripling the enrolment if possible. I should like to blame the government for not increasing old age pensions to at least $100 week. I should like also to blame the government for not increasing family allowances to at least $25 a month for each child living at home.

I should like to blame the government for not building castles for prisoners and for not supplying them with doctors, psychiatrists, masseurs, secretaries and so on. I should also like to blame the government for forcing everybody to keep on working like hell in this prosperous country of ours. I should like to blame the government for not paying for all our medical, surgical and hospital services and for not paying for monthly vacations, check-ups and so on. I should like to blame the government for not firing thousands of civil servants or at least forcing them to work for the glory of our country.

I should like to blame the government for not bawling out the United States and telling them that we do not need any of their money in this prosperous country of ours. I should like to blame the government for not abolishing the taxes which are sucking the life blood out of all Canadians. I should like to blame the government for not changing this stupid natural law by which man is condemned to work by the sweat of his brow. After all, why should this government which has been elected by the people not make of this country of ours an earthly paradise? Are we not the richest country in the word? Have we not the best government in the world? Have we not the most co-operative opposition in the world? Why should we be prevented from living like millionaires? I would even go further. If there is any Canadian who is well off after all these regulations are passed and is paying income tax at the rate of 40 per cent, 50 per cent or 60 per cent he should be made to pay 99½ per cent.

When one listens to all the critics of the government one might be tempted to go to extremes. One might be led to believe that there can be in this world of ours a government which can provide an earthly paradise for the people without charging anybody any taxes. I suppose we could use our gold mines and perhaps print some paper money—greenbacks—to take care of the cost. I suppose we could work out some kind of a miracle. No, Mr. Chairman, I do not think some of us really are serious when we offer these many and perpetual criticisms, because they are not logical.

• (4:50 p.m.)

[*Translation*]

Mr. Grégoire: Mr. Chairman, while some members of the opposition blame the government for increasing the sales tax—which is perfectly normal, because we figure that at the present time inflation has spread so seriously that we must resort to any means to try and control it—the hon. member for Trois-Rivières (Mr. Mongrain) states the interests of his electors, those small wage earners, those small consumers and says: "That is fine. Why do some blame the government for increasing the sales tax?" Then he ridicules those who blame the government.

Mr. Mongrain: Mr. Chairman, I rise on a question of privilege because the member for Lapointe (Mr. Grégoire) put words in my mouth which I did not utter. According to him, I said that things were going well; on

the contrary, I said that they were going badly.

Mr. Grégoire: Mr. Chairman, because the member for Trois-Rivières delivered his whole which in English, maybe he did not understand it himself, but to anyone who can read between the lines, and judging from the applause of the Liberal members and the Minister of Finance, it is obvious that the speech of the member for Trois-Rivières had no other object than to manifest once again his wish to join the Liberal party. Once again, he grovelled before the Liberal party. He told them: "Some people blame you, but not me." That is what the member for Trois-Rivières meant.

Mr. Mongrain: I rise on a question of privilege, Mr. Chairman. The member for Lapointe says that I have a tendency to grovel. I want nothing in common with the member for Lapointe.

Mr. Grégoire: Mr. Chairman, I leave it to those who heard me, and especially those who will read the speech of the member for Trois-Rivières, to judge which one is grovelling before the government.

While we are here to defend the interests of consumers, workers and small wage-earners, the member for Trois-Rivières approves the tax increases; he is satisfied with that. To prove my case, anyone who will read his speech will conclude that he tried to be facetious; he tried to resort to a low form of wit—but he failed miserably—to prove that those who criticize the government for increasing taxes, are persons who criticize unceasingly.

Mr. Chairman, I feel that those who criticized the government for increasing taxes again were right in doing so, under the present situation. Moreover, I feel that when a member like the member for Trois-Rivières approves such an increase, as is proved by the tone of his speech—I leave it to those who will read it to judge it—as I say, when a member like the member for Trois-Rivières, who is supposed to represent the small wage-earners and consumers in this house, approves these tax increases, he gives precedence to his wish to belong to the Liberal party over the interests of his voters.

We have had proof of it time and time again. I admit the Liberal party may not be too eager to have him, because it already has, within its ranks, enough of those men who set aside their own opinions in order to respect party policy. Having the proof that the member for Trois-Rivières likes to tag along—a question of privilege? No. Well, the hon. member admits it then—I would ask the Minister of Finance to become his sponsor and recommend his admission to the ranks of his party. Then the member for Trois-Rivières will be happy and content, he will have reached his goal, though at the expense of his voters, the consumers and the small wage-earners of the riding of Trois-Rivières.

The Acting Chairman (Mr. Richard): Order. The hon. member for Trois-Rivières rises on a question of privilege.

Mr. Mongrain: Mr. Chairman, naturally I did not rise on a question of privilege every time I could have done so for then I should have risen repeatedly, but the member for Lapointe has said that the member for Trois-Rivières likes to tag along. I want to object to that allegation. He said also that the member for Trois-Rivières wanted his admission in the ranks of the Liberal party. This is at least one advantage I have over the hon. member for Lapointe, because I find no party, no colleague in the house who would like to be near him here in this chamber.

Some hon. Members: Hear, hear.

Mr. Mongrain: The hon. member for Lapointe blames me for favouring increased taxes. I should like to tell him that the Trois-Rivières constituents have never been used to listening to demagogues. They have been accustomed to listening to, and electing, those who speak the language of common sense. That is the reason the hon. member for Lapointe will never be elected in the Trois-Rivières area.

Mr. Grégoire: Which only goes to confirm what I said a while ago, Mr. Chairman.

[*English*]

The Acting Chairman (Mr. Richard): Shall the resolution carry?

Mr. Knowles: On division.

Some hon. Members: Agreed.

Resolution agreed to.

Resolution reported and concurred in.

EXCISE TAX AND OLD AGE SECURITY ACT

Hon. Mitchell Sharp (Minister of Finance) moved for leave to introduce Bill No. C-268, to amend the Excise Tax Act and the Old Age Security Act.

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

Mr. Knowles: On division.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: Is it agreed that we now proceed with the second reading of the bill?

Mr. Monteith: Where are the bills, or is there just one?

Mr. Sharp: There is just one.

Mr. Deputy Speaker: Is it now agreed that we proceed with second reading?

Some hon. Members: Agreed.

Mr. Sharp moved the second reading of the bill.

He said: Mr. Speaker, this is a very simple bill intended to carry out the two resolutions approved by the committee of the whole. I do not have any comment to make about them, but I will explain the various clauses when we reach the committee stage.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the Minister of Finance has just said that this is a very simple bill based on the two budget resolutions which we have passed. I might point out that this was done on division in respect of the one relating to sales tax.

As hon. members are aware, the bill has just come into our hands so that I have not had time to read it. I note that it comprises five pages, four of which have reference to changes in the Excise Tax Act, commonly known as the sales tax. In terms of volume, the most significant effect of this bill is that it increases the general sales tax from 8 per cent to 9 per cent. This has the effect of increasing the total federal sales tax from 11 per cent to 12 per cent.

As we have indicated several times, both during the course of the debate on the motion that Mr. Speaker leave the chair and during the consideration in the committee, this increase in sales tax is unnecessary and iniquitous. We also feel that the effect this tax has on the cost of living is particularly serious insofar as people in the lower income brackets are concerned, and that the minister is doing a disservice to the country by raising this tax at this time.

This bill does not sit well with the government's concern about the cost of living, expressed when it agreed that this should be a matter for committee study, and it does not sit well with the government's concern, as expressed at times by the Minister of National Health and Welfare (Mr. MacEachen), in repect of a guaranteed minimum income for citizens of this country. Therefore we want to register our unqualified opposition to the government's proposal to raise the general sales tax.

• (5:00 p.m.)

I want also to indicate, and I shall do it briefly because several of us dealt with this matter at other stages, that we think it is particularly unfair to the old age pensioners of this country that the increase in the sales tax is being brought in at this time. Argue as the Minister of Finance (Mr. Sharp) may, the impression created in the country is that this tax increase was made necessary because of the guaranteed income supplement being added to the old age security pension. The fact that the amount of money to be spent on that supplement in the first year is $280 million, and that the government is seeking by two tax changes to raise $290 million, certainly strengthens this impression in the minds of the people of this country. But it is very clear, and that clarity is underlined in the bill now before us, Bill C-268, that although the extra money to be raised by putting the ceiling on the old age security tax up to $240 will go into the old age security fund, the money to be raised by the increase in the sales tax will not go into that fund at all. Therefore, on all counts we are against the proposal to increase the sales tax at this time.

I regret that the minister has taken the course of putting these two propositions into one bill. There were two separate resolutions, one to the effect that the Old Age Security Act should be amended and the other to the effect that the Excise Tax Act should be amended. I think it would have been more proper for the minister to have presented two separate bills. However, for reasons of his own, whatever they may be, he has chosen to put them into the one bill. Despite that fact, we find the increase in the sales tax so objectionable, so iniquitous and so unfair that we want to register our objection to it. Therefore, Mr. Speaker, I move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

That Bill C-268 be not now read a second time, but that it be read a second time this day six months hence.

Excise Tax and Old Age Security Act

Hon. J. W. Monteith (Perth): Mr. Speaker, first of all I want to say that we are heartily in accord with the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles). I would also like to reiterate the hon. member's statement that there should have been two bills. We were presented with two separate resolutions and we think they should have been followed by two separate bills. However, I do not want to deal at length with our disagreement with the government on this particular bill. On several occasions in the past we have expressed our disagreement with the government's action in increasing the sales tax by 1 per cent. It will increase the cost of living and will most seriously affect those whom the minister has intimated are supposed to benefit.

I would also point out that the sales tax will go into general revenue. The thought that has gotten abroad, and I do not think it has been denied publicly by the government, is that both these additional taxes will benefit the recipients of old age security. This is not so. The old age security fund will only benefit by the amount of the increase in income tax; the money derived from the sales tax increase will go into general revenue.

It is a fallacy to believe that these additional taxes will benefit the recipients of old age security, because this is simply not true. I think the people of Canada should be made aware of this fact. Certain newspapers took from the minister's remarks of December 19 last that the two taxes were imposed in order to benefit the recipients of old age security. It must be understood that this is not so. I want to say again that the sales tax increase cannot help but increase the cost of living. It is another tax to be borne by the people of this country and will impose an additional burden on those in the lower income bracket. We feel it is an iniquitous increase and should not have been considered. As a consequence, Mr. Speaker, we heartily endorse the amendment of the hon. member for Winnipeg North Centre.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, the purpose of the resolutions that were introduced, the principles of which are now incorporated in this bill, was allegedly to give the senior citizens of Canada what the minister termed last December a Christmas present. I think this is a rather shoddy way to introduce this measure, because it singled out a particular group of people as being responsible for this obnoxious increase in taxation.

[Mr. Knowles.]

This was very clearly set forth yesterday by my colleague, the hon. member for Okanagan-Revelstoke (Mr. Johnston), and I do not propose to deal with the matter in detail. Nevertheless, I should like to emphasize the fact that the senior citizens of this country do not look with any degree of appreciation upon the fact that the measure was introduced in this way and, of course, neither do the people of Canada in general.

We all recognize the importance and necessity of an increase in the pensions of our senior citizens. I do not think we have to argue in favous of that principle; it is supported by all hon. members whether they sit on the opposition or government side. Nevertheless we take very strong exception to the principle that was enunciated in this instance which, as I have said, singled out this particular group of people and placed upon them, by implication at least, the burden of a further increase in the already onerous taxation which the people of Canada are called upon to bear.

• (5:10 p.m.)

We do not take too strong exception to the increase in the old age security tax assessment from $120 to $240 mainly because this affects people in the medium and high income brackets. However, we do take very strong exception to the increase in the sales tax which has been outlined in the resolution and is now in the legislation, because it contributes still further to the spiralling cost of living. We all know the strong stand that has been taken by various Canadian organizations with regard to the increase in the cost of living. We are aware of the steps that have been taken to try to discover the reasons for the cost of living spiral. Some of the provincial governments have appointed their own committees. A committee of both houses of this parliament was appointed to study this problem and it is still in the process of considering the factors which contribute to it.

While the joint committee is studying this matter the government has now introduced another measure which contributes to a further increase in the cost of living. I think that this is another example of the government working against its own policies, enunciating a policy and then turning around and frustrating the realization of the objectives which it has indicated it has in mind. The same thing has happened with regard to the emphasis which was put on home construction

and home ownership in that immediately after the government introduced policies diametrically opposed to the objectives it had stated were part of its policy. Here again we find that the government has expressed concern about the increased cost of living and then has turned around and adopted a policy which contribute to the aggravation of that very problem.

An increase in taxation does not always result in increased revenue. A point of diminishing return can be reached at which the revenue instead of increasing will decrease because of the effect of the policy upon the economy. Therefore I think that at this time we should impress upon the government the fact that taxation in Canada has pretty well reached the maximum level which the Canadian people can bear.

A few days ago my leader, the hon. member for Red Deer (Mr. Thompson), pointed out that taxation takes more than 50 per cent of the income of Canadian people. Now that Canadians have to work six months of the year to cover the cost of government operations the situation has become serious and we must conclude that there is something drastically wrong with the economy. I believe that the time has come when the government should cut back on some of its unnecessary expenditures in order to meet its responsibility to the Canadian people without increasing the burden of taxation which Canadians have to bear. I understand that the government has given the go-ahead signal for quite a vast program of construction of public buildings in the capital area. Perhaps we could get along without some of those buildings and use some of the money to meet other commitments.

While we support legislation designed to give our senior citizens additional assistance we strenuously oppose and reject the manner in which this measure is being financed. We believe that the government should accept the responsibility and find some other way of discharging it without increasing taxation. We believe that the time has come when a decrease rather than an increase in taxation should be effected. We have stated many times that this should be done.

We have been told that the commission on taxation is studying the matter and will bring in recommendations, but goodness knows when they will be brought in. The minister is very noncommittal. Every time the question is asked he tells us that he does not wish to go out on a limb and commit himself to any particular time because he does not know. In view of the length of time which the commission has spent in studying this matter I suggest that the minister should know. We wish to impress upon the commission the necessity of bringing forth recommendations and tabling its report so that we can find out the results of its months of study. Although we support the increase in pensions we are opposed to the method by which the government proposes to finance this added responsibility.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I do not intend to speak on this bill at any length but I feel that I cannot let it go by without voicing emphatically my opposition to it on the ground that it will raise the cost of living for those people in particular who are finding it most difficult to bear at the present time. This group consists to a very large degree of the old age pensioners of this country. When the legislation was announced just before Christmas manufacturers all across the country said quite definitely that an additional 1 per cent tax at the manufacturers' level would mean a minimum 2 per cent increase in the cost to the consumer. Only last fall we saw how hard pressed the consumers are, as expressed through housewives' boycotts all across the country. They did not particularly wish their protests to take this form but they were hard pressed to the point where they had to demonstrate.

It is all very well to speak in terms of averages. Last night I was given an excellent example of how the statistician's definition of average works out. It is like putting a man's head in the furnace and his feet on a block of ice and saying that he should be pretty comfortable, on the average. This is exactly what happens in regard to the average person in this country. The average person may be in a position to absorb this additional tax on top of the higher prices but people in the lower income groups are not in such a position.

I think that the government did the right thing last fall in referring the problem of the cost of living to the consumer credit committee for its study. I have been to a good many places all across this country and I know that people are looking forward hopefully to the results of the study of that committee. They are asking, when can we expect results? It is a good thing to look into the cost of living across the country, but people are waiting anxiously for results in the form of legislation.

Excise Tax and Old Age Security Act

• (5:20 p.m.)

I say to the government that these people are going to feel rather badly when they realize that while the government has established a committee to look into the various aspects of the cost of living it has at the same time introduced this measure which will increase the cost of living in so many fields. People are not going to be deceived too long by this sort of action. When they catch on they will definitely question the sincerity of a government which, on the one hand, establishes a committee to study the cost of living and, on the other hand, goes ahead with measures which raise the cost of living for people who can least bear it.

We feel very strongly that this type of tax should not be imposed as a means of helping people in the old age pension group because at the same time we say we are helping them we are making things more difficult for them by increasing the sales tax. I just want to say, Mr. Speaker, that we in this group feel this is not a straightforward, honest way to meet the needs of this group. We are completely and thoroughly opposed to this measure of taxation.

Mr. Stewart: Will the hon. lady permit a question?

Mrs. MacInnis (Vancouver-Kingsway): Yes.

Mr. Stewart: I should like to ask the hon. lady whether she agrees that, at least in the long run, the cost of this increase must be met? If her answer to that question is in the affirmative then what particular tax increases would she propose?

Mrs. MacInnis (Vancouver-Kingsway): It is not my job to propose particular tax increases. I am dealing with the measure before us upon which we are being asked for our opinion. There are other measures and we have mentioned them at various times.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I would like to say a few words about this bill and about the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Speaker, I will not have to make a long speech to say once again how strongly I object to sales taxes and especially to any increase. What I will do later will show that I am against those sales taxes.

Late in 1966 when the minister brought down the mini-budget, he asked us to approve that increase in taxes to assume the cost of increasing the old age security pension or rather to assume the cost of the supplementary income.

Mr. Speaker, to accept this bill now would be to accept at the same time the principle that to give a little more to the old people it is necessary to take a little more from the young, from the people who work and others. I do not share that opinion, Mr. Speaker, because before granting an allowance to someone, the first thing to consider is whether the country's industrial or productive capacity can afford it.

It is somewhat the same thing as far as the increase in the old age security pension is concerned. The amount our senior citizens will receive at the end of March or April will be used to buy the things they need. Then, we must ask ourselves whether the country can give them the things they need. If it can, well, let us see to it that they get them, without, however, taking away from others what they are entitled to according to their salary and income.

This is the reason why, Mr. Speaker, I am opposed to increasing this tax for I know that industry and production in general can afford to provide the elderly with the things they need. Then if the minister believes that they require a higher income, all he has to do is to request the Bank of Canada to create enough credit to permit the purchase of the goods already produced.

When the minister introduced his mini-budget in December 1966, he said that he needed 290 million dollars, that he would raise this amount by means of this increased tax. However, a while ago the hon. member for Fraser Valley (Mr. Patterson) remarked that such a tax increase of 1 per cent, for instance, would not necessarily mean an increase in income, since with an increase in the cost of living people will buy less and the income will decrease accordingly.

To support what was said by the hon. member for Fraser Valley, I shall call the minister's attention to another point. The raise of $30 that some elderly people will get will serve to increase the country's business, purchases, trade and taxes already included in the price of the merchandise offered, including clothing and some consumer products. The higher amount that the older citizens will be able to spend by itself will increase income. Apparently, the Minister of Finance has not taken into account those millions of dollars in circulation during the next year, which will increase incomes.

Then, for all those considerations, I object to the 1 per cent tax increase and this is why I support the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Jean Chrétien (Saint-Maurice-Laflèche): Mr. Speaker, I should like to make a few comments following the speeches made in the house this afternoon on the budget resolutions or on the motion for second reading of his bill amending the Excise Tax Act and Old Age Security Act.

In the first place, and this is quite interesting, the hon. member for Winnipeg North Centre (Mr. Knowles) mentioned earlier that the bill, even if it was quite simple, included four pages dealing with the sales tax and only one paragraph concerning old age security.

However, I wish to point out to him that three of the four pages he mentioned contain nothing but exceptions; in other words, these are items to which the new 1 per cent sales tax will not apply. Therefore, I was rather surprised at the intervention of the hon. member for Winnipeg North Centre (Mr. Knowles). He said that the bill was very significant because it was four pages long, but had he taken the time to read the bill, he would have realized that three of the four pages he mentioned listed nothing but items exempt from the new sales tax.

The hon. member for Roberval (Mr. Gauthier), who also took part in the debate did not quite seem to understand the budget resolution. He accused the Minister of Finance (Mr. Sharp) of not telling the truth and of not giving the house all the information available because the budget resolution mentions an increase in the sales tax from 8 to 9 per cent.

I should simply like to point out to him that this is, of course, a question of terminology, and that the Minister of Finance did not at any time mention that he was raising the sales tax from 11 to 12 per cent. The budget speech which he made on December 19, 1966 clearly indicated that the sales tax would be increased from 11 to 12 per cent, except in a few cases. He did not at any time try to misinform the house, and if the budget resolution mentioned an increase in the tax from 8 to 9 per cent, it was because the sales tax is divided into two different sectors, one added to the general revenue fund and the other to the old age security fund. But at no time did the minister imply that the sales tax was only of 9 per cent.

One of the most remarkable interjections, both on account of its brevity and its logic, was, I think, that of the hon. member for Trois-Rivières (Mr. Mongrain).

It is about time, Mr. Speaker, for the members of this house, who have been elected by the people, to start talking sense. It is useless to try to make people believe that we find money on trees or that some obscure mechanism in the Bank of Canada can be used to solve all our problems. Money spent at any level of government comes out of the pockets of the taxpayers.

I think that it is quite logical that we should be able to say to our electors that if we increased the old age security, we are ready to pay for it. It is no use postponing that tax increase for six, eight or 12 months; it would only be lying to the electors.

The hon. member for Trois-Rivières was perfectly right when he said that too many in this house are trying to make believe that by passing legislation we could solve the problems very easily or that through a single piece of legislation we could guarantee a maximum income to all the taxpayers and citizens of Canada. The system is not like that; there is not a single system in the world which works like that. In any country, when an administration decides to grant social or other benefits to the population, it is because they have decided to raise taxes or get the money from the taxpayers' pockets.

This budget shows our concern not to direct taxes against people with small incomes. There is no clearer illustration of this than the raise in the old age security tax. We raised the maximum from $120 to $240. By so doing, we reached only one third of the taxpayers, those in the top income bracket, so that the other two thirds with lower incomes might not contribute at this time to the tax increase required to pay for the increased old age security.

• (5:30 p.m.)

[*English*]

Mr. Orlikow: Would the hon. member permit a question? May I ask the parliamentary secretary why the government set the limit at $240? If the government was interested in collecting money from those best able to provide it, why did it not apply the 4 per cent across the board with no limit of $240, as the members of this party have proposed on many occasions?

Mr. Chrétien: I think the hon. member for Winnipeg North (Mr. Orlikow) should take the time to read the budget speech delivered by the Minister of Finance (Mr. Sharp) on December 19. He will find the answer there.

Mr. Peters: No, he will not.

Mr. Chrétien: The minister wanted to maintain the balance between those who receive the old age pension and those who pay for it, and it was a good step to take in that direction. I think the old age security fund was established in that spirit, and if the hon. member for Winnipeg North Centre (Mr. Knowles) was in the house at the time he can probably testify to that.

Mr. Knowles: You want the poor to pay for their own pensions.

[*Translation*]

Mr. Chrétien: Anyway, Mr. Speaker, back to what I was saying before the hon. member for Winnipeg North cut in, as far as the sales tax is concerned, we know that this tax is unpleasant. But let the hon. members name, if they can, one tax which is pleasant, one single field with regard to which everybody congratulates us and encourages us to increase taxes. There are none and taxes are always painful. However, in this case, we wanted, if possible, a tax without tears. And that is why the sales tax does not apply, for instance, to food, fuel and building supplies.

And if my hon. friends opposite will take time to read the bill, they will find three pages of exemptions and I could enumerate them, if I wanted to take the time of the house. But anybody can read them as well as I can.

Mr. Laprise: Would you allow me a question?

Mr. Chrétien: Yes.

Mr. Laprise: How can the hon. member say that those items on page 2, Schedule VI, Part 1 and 2, will not be increased by 1 per cent when other items, in the same stores, will be increased by 1 per cent?

Mr. Chrétien: Well, Mr. Speaker, I understand that this is a tax raised at the manufacturer level, not at the retailer level. It will apply to the wholesaler and then, he will make the distinction because he will want to charge as little as possible. Naturally, he will not add the tax to the items which he is not compelled to tax, for he himself is answerable to the Minister of National Revenue in this regard.

As I said, Mr. Speaker, throughout the debate on the mini-budget we made it clear to the people that all in all we are for social security. No one on this side of the house can take a more just pride than ourselves in having launched social security in Canada. We now probably have one of the best social security systems in the world. Many countries envy us in this regard.

However, due to the present state of our economy, we can not act irresponsibly. People expect more today, because they are better informed. Perhaps in 1910 or 1911, it was possible to get away with telling the people similar tales, but the information media being what they are today people are not easily taken in any more. I believe they can take their responsibilities and that is what we have been doing for several months.

It is interesting to note that last year, in the United States, newspapers and magazines were filled with articles criticizing the Johnson administration for refusing to accept its responsibilities, waiting until after the expected fall elections to raise the taxes. According to several economists, this delay caused excessive inflationary pressures throughout last spring and fall.

If the government had taken its responsibilities when the Canadian government did with the March 1966 budget, that is when we felt inflationary pressures in Canada; we took immediate action—the results would have been much better for the North American economy as a whole. And if Canada suffered from inflation during the last three months of 1966, it is perhaps mostly due to the fact that the Americans did not have the courage to act as the Minister of Finance and Receiver General (Mr. Sharp) did here in Canada.

In any case, Mr. Speaker, after the mini-budget was brought down the people said, as reported in the Canadian press: It is really painful and taxes are high, but there is a direct connection between government taxes and expenditures, and as the government had committed itself since March to maintain an almost balanced budget, there was nothing else to do than to levy a tax following the increase in old age security. And the advantage derived from this is that from now on, when we see electoral platforms, we might realize that there is a direct connection between the purse and the electoral program. And what is even more astonishing is that today we have heard, for the first time perhaps in 40 years in this house, the members of the New Democratic Party, for instance the hon. member for Timiskaming (Mr. Peters), say this: "It is true that the taxes should be raised when there is an increase in old age security."

I believe that if, by means of this mini-budget, we have only succeeded in bringing home even to the members of the New Democratic Party that whenever money is spent, it has to come out of the taxpayers' pockets, then, this December mini-budget will prove to have been a useful measure, and I believe that the public at large will agree with me on this point.

• (5:40 p.m.)

[*English*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, when any minister of the crown comes into the house, as the Minister of Finance (Mr. Sharp) did with this bill, and says that the bill is a simple one, that statement should serve as a red warning light to all members of the house to have a good look at the measure. I incline to the well-worn phrase, beware of Greeks bearing gifts.

Before dealing with the substance of the bill I wish to comment on its form. At the present time it seems that the Liberal government is showing a desire to lay all its eggs in one basket and then to scramble them thoroughly. I say this because yesterday the house concurred in a resolution preceding a money bill without any bill being introduced for first reading according to the normal procedure which we had expected would be followed. Now we find that we have before us a bill to amend two different acts.

There have been discussions in and outside the house among members about the desirability of moving toward a shortening of discussion on the resolution stage of bills. I suggest that if this trend continues we may find parliament faced one day with a situation where the government brings in all its resolutions at one time and at the end of the session introduces an omnibus bill with all the resolutions in one basket, so to speak. That would make it difficult indeed for members to determine what the principle of the bill was.

While what I have said so far may not be sufficient grounds for supporting the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles), nevertheless there are substantial grounds for agreeing that this bill should not be read a second time now. The proposal to increase taxes is open to argument and arguments have already been advanced in that regard. The subject, it seems to me, divides itself into two parts. I can argue, as other members have, that the proposal to increase taxes at this time is unjustified and unwarranted. I propose to say, however, that if in the minister's view a tax increase at this time is necessary the minister has gone about imposing the increase in the wrong way.

I noticed that when my colleague the hon. member for Vancouver-Kingsway (Mrs. MacInnis), was speaking, the canny Scottish instincts of the hon. member for Antigonish-Guysborough (Mr. Stewart) came to the fore. He raised the question of taxation and what we would propose to do. In that connection I say, not only about the proposal we have before us but also with respect to the levying of the federal sales tax in general, that I have long felt it is one of the most regressive forms of taxation in the country. Any proposal to increase such taxation should be resisted because it is regressive. Most of us know that this form of tax has a multiplier effect. The arguments advanced by hon. members such as the hon. member for Vancouver-Kingsway about the unnecessary effect this tax has on the cost of living and its particular effect on the lower income groups are well justified.

Mr. Stewart: Would the hon. gentleman permit a question? Would he answer the question that the hon. member for Vancouver-Kingsway declined to answer? Would he tell the house what kind of tax increase he would prefer if in the long run he is prepared to concede that a tax increase will be necessary?

Mr. Barnett: I am coming to that, and if the hon. member will be patient I will suggest something that he and the Minister of Finance might consider. I was about to say that under our marketing system mark-ups are made in percentages. Goods pass from the manufacturer to the wholesaler or jobber and then to the retail level, and the result is that the tax paid indirectly by the consumer is much greater than the amount flowing into the federal treasury as the result of the imposition of taxes. This is a wrong principle of taxation, I submit, and one which we should go to considerable lengths to avoid.

I am prepared to suggest something that the hon. member and the Minister of Finance might consider. We are all aware that between the federal and provincial levels of governments at various times these have been tax rental arrangements whereby the federal government has acted as the agent to collect taxes for remission to the provincial authorities. The Minister of Finance might consider asking for some *quid pro quo* in this connection. In other words, if at the federal level we

collect taxes for the provincial authority, why should we not ask the provincial authority to do the same thing for us? If the Minister of Finance insists on using the sales tax approach to raise additional revenue I think it would be much less unfair to collect that tax at the retail level. Most of the provinces have arrangements for collecting sales tax and the people know how much they pay.

I offer this suggestion as my own idea. If the minister wants to discuss such a proposal at the next meeting of the federal and provincial finance ministers, and if he needs a 2 per cent sales tax increase, why could he not suggest to the provincial governments that instead of collecting 5 per cent they collect 7 per cent and remit the 2 per cent to the federal coffers?

Mr. Sharp: Could I ask the hon. gentleman a question arising out of his interesting suggestion? Is he in favour of a sales tax?

Mr. Barnett: There is always an easy answer, of course, and that is to say that we do not like any taxes. However, we all recognize realities. I see the Minister of Finance applauding. One can say that the minister has a special reason for liking taxes less than some of the rest of us. We all agree that he has a duty to propose the levying of taxes in some form.

Mr. Douglas: What about a capital gains tax? There is lots of room there.

Mr. Barnett: As my leader suggests, a capital gains tax might be considered. That has been put forward from this quarter of the house many times. No minister of finance on the other side has ever seen fit to act on that suggestion. I am trying to suggest something a little different and I do so because, as I argued, the sales tax has a multiplier effect on the cost of goods at the retail level. It is a regressive form of taxation that we should seek to avoid and abolish.

On the general principle of having any sales tax there are arguments pro and con. If I entered into a discussion of that field I fear that Mr. Speaker might question whether my remarks were relevant to the principle of the bill before us. What I am prepared to argue is that a sales tax levied at the retail level is a much less unfair and, to that extent, more desirable form of taxation than the proposition the minister has put forward in this bill.

[Mr. Barnett.]

• (5:50 p.m.)

I think the house might very well support the amendment moved by my hon. friend from Winnipeg North Centre and put the measure on ice, as it were, at least long enough for the Minister of Finance to have an opportunity to explore the possibilities of the alternative I have brought to his attention.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my intervention will not be for very long.

Some hon. Members: Hear, hear.

Mr. Orlikow: I was moved to rise by the remarks of the parliamentary secretary, which I found to be both amusing and confusing. First of all, we object to any increase in the sales tax because we know from experience that an increase of 1 per cent amounts to a great deal more when it is passed on to the consumer. I can tell the minister and the parliamentary secretary that already the prices of a whole series of prescription drug items have increased not by 1 per cent but by 5 per cent and 10 per cent. If the minister does not know of this I will be glad to supply him with full information together with examples of what has happened.

Mr. Speaker: Order. The hon. member for Rosthern is rising to ask a question if the hon. member will allow one.

Mr. Nasserden: Speaking of detailed information, does the hon. member recall that when the C.C.F. party was in power in Saskatchewan it doubled the sales tax?

Some hon. Members: Oh, oh.

Mr. Orlikow: I come from the province of Manitoba where only last week the Conservative provincial government introduced a sales tax. The provincial governments, whatever party they may represent, have found to their sorrow that the sales tax is one of the few sources from which they can raise revenue. I do not like it and they do not like it. I am suggesting that the federal government has a great deal more flexibility and that no federal government needs to increase a sales tax which is already too high.

In the few moments at my disposal I should like to deal with the rhetorical question asked by the parliamentary secretary. He knew the answer before he asked it. There are a number of ways in which the Minister of Finance could have raised the money he thought he needed to pay for the increases which will go

to the old age pensioners. Several members have already mentioned a capital gains tax. We have also suggested that the $1.5 billion being spent on national defence could be reduced substantially without greatly impairing the efficiency of our defence forces.

I wish to deal specifically, however, with one clause in the bill under which I suggest the minister might have raised a very substantial amount of money. I refer to the proposal in clause 5 under which the act is amended so that 4 per cent of a taxpayer's taxable income for the year is earmarked for his old age security contribution up to a maximum of $240 a year. I made a rough calculation to see how this affects me personally. I found that if there were no limitation of $240 I would be paying $360 or another 50 per cent. I suggest to the minister that members of parliament, cabinet ministers, who make even more money than ordinary members, and the business and professional people of this country who make $10,000, $15,000 or $20,000 a year or more can afford to pay 4 per cent without a maximum of $240 a great deal more easily than the hundreds of thousands who will find that as a result of the sales tax the cost of every item they buy has been increased, save for the few exceptions listed in the bill.

Why has the minister not seen fit to abolish this limitation? He has not done so for a very simple reason. He believes it is wrong for the rich to pay much more than they will get from the pension when they receive it. There can be no other explanation.

Mr. Sharp: The hon. member is attributing motives to me which I deny most forcefully. The reason I have done this is to follow the pattern which he and his party have endorsed over many years. The amount of the limiting figure has been increased in a series of steps—$90, $120, $240. I deny the implication that I am following my present course in order to protect anybody in the community.

Mr. Speaker: Is the minister rising to close the debate?

Mr. Orlikow: I was not imputing any motive to the minister. I read his speech on the mini-budget carefully. I remember his budget speech of April last. I have tried to understand why the limitation is there. I want to tell him that the members of this group have never approved of the limitation. I remember that when the former minister of finance made a similar proposal—he seems to have come back now from the purgatory to which he was consigned—we contended then that the limitation should be removed and that the tax for that purpose should be applied to total income.

Some hon. Members: Six o'clock.

Mr. Speaker: It being six o'clock this house stands adjourned.

Mr. Starr: Mr. Speaker, may I ask what the business is to be for tomorrow?

Mr. Speaker: It seems that some hon. members wish to discuss forthcoming business. I think I should bring it to the attention of those concerned that if an announcement of business is to be made it should be done before the adjournment has been called by the Chair.

BUSINESS OF THE HOUSE

Mr. Starr: Can the Solicitor General tell us what the business will be tomorrow?

Mr. Pennell: We will follow the order which was announced last evening with the addition of item 100, Bill C-252, for the expansion of scientific research and development.

Mr. Starr: Are we changing the sequence set out by the leader of the house the other day?

Mr. Pennell: I apologize to the hon. member if I did not make myself clear. We shall follow the order laid down by the leader of the house on Monday but should we finish the business outlined by him we would proceed to consider item 100.

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

HOUSE OF COMMONS

Thursday, February 16, 1967

The house met at 2.30 p.m.

PRIVILEGE

MR. DIEFENBAKER—ANSWER TO STARRED QUESTION ON ORDER PAPER

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege that affects the rights and prerogatives of the House of Commons. I hope the Prime Minister, as the custodian of those rights under your direction, sir, will join with me in what I am about to say. I refer to an answer in *Hansard* as reported at page 13065. The material portion of the question I asked was this:

> What are the names and addresses of the chosen officials and/or employees of the C.B.C. who are to be the recipients of and have free use of the coloured T.V. sets recently purchased by the C.B.C.

You will recall, sir, that the hon. member for Swift Current-Maple Creek first brought this matter to the light of day. Yesterday the answer was given by the minister and, of course, she only transmits that which is given to her by the corporation. The answer to that question which was worded in such a way that there would be no ambiguity, was:

> Colour television receivers are assigned according to requirements of senior positions and remain with these positions in the event of the departure of present incumbents. They are used by those whose duties require program viewing.

Sir, that answer took several weeks in incubation. It was delayed for days on end until I rose on a question of privilege. That answer indicates a cavalier contempt of parliament. The C.B.C. secures the major portion of its income from the people of Canada, and parliament is not secondary to the C.B.C. The question was allowed, it was on the order paper, and parliament's right to obtain this information has not been challenged.

• (2:40 p.m.)

I rise at this time simply to ask for an answer. The answer may be embarrassing to some who have become voluntary recipients of the public benevolence at the expense of the people of Canada, but whatever may be the embarrassment the answer must be given. Unless the answer is given in a satisfactory way early next week it will become necessary in the interests of preserving the rights of parliament to take such action as the traditions and prerogatives of parliament permit. I hope that will not be necessary.

Mr. Speaker: Order, please. The right hon. Leader of the Opposition has not chosen to make a motion, so for the time being the matter will be allowed to rest.

Mr. Diefenbaker: Mr. Speaker, may I say, so there will be no misunderstanding, that whatever rights I have are held in abeyance at the moment without prejudice to any further action.

CRIMINAL CODE

AMENDMENTS LIMITING USE OF LISTENING DEVICES

Mr. Barry Mather (New Westminster) moved for leave to introduce Bill No. C-269, to amend the Criminal Code (invasion of privacy).

Some hon. Members: Explain.

Mr. Mather: Mr. Speaker, the purpose of the bill is to amend the Criminal Code to render criminal the invasion of privacy by instruments such as the telephone, the telegram, television and films. It is felt that in the interests of all and for the protection and dignity of the individual some limitation should be placed on the use of these devices. It is in effect an anti-bugging bill.

Motion agreed to and bill read the first time.

UNITED NATIONS

RHODESIA—INQUIRY AS TO EFFECTIVENESS OF SANCTIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to address my question to the Secretary of State for External Affairs. I regret that I have not given him notice, but it arose in my mind as the result of certain press references to the situation in Rhodesia. It is approximately two months since the imposition of mandatory sanctions against Rhodesia. I should like to ask the hon. gentleman whether he is in a

position to advise us now as to their effectiveness. A year ago the prediction was made that they would be successful within about 60 days. What is the anticipation with regard to success or failure of the imposition of sanctions by the United Nations?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, when sanctions were first imposed within the context of the commonwealth alone it was possible to give an appreciation of the effectiveness of the totality of those sanctions. Since that time, of course, the security council has imposed selective mandatory sanctions. I do not have any information which would show the combined result of compliance with the security council resolution. The security council will be meeting in about three weeks, at which time the secretary general will report to the members of that council on the effectiveness of the sanctions up to that time. Until then I am not in a position to give more details. I can say that the commonwealth sanctions, in themselves, revealed an improvement but not to the point where one could say they would have full effectiveness within a foreseeable period.

Mr. Diefenbaker: Canada is a member of the security council. Has Canada not yet received any word from the secretary general regarding the effectiveness or ineffectiveness of the action taken?

Mr. Martin (Essex East): No, sir. The representative of Canada on the security council did make some inquiries a week ago, and he was informed by the secretariat that a report would be made pursuant to the security council resolution within about three weeks' time.

TRANSPORT

POSSIBLE SECOND SURCHARGE ON CARGOES FROM JAPAN TO VANCOUVER

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the right hon. Prime Minister if he has received a telegram from the western Canadian regional council of the International Woodworkers of America indicating that in addition to the 15 per cent surcharge which is to come into effect on March 1, imposed by the trans-Pacific freight conference of Japan, a second group, the Pacific westbound conference, has announced its intention of imposing a similar surcharge on ships entering Vancouver?

[Mr. Diefenbaker.]

In view of the harmful effect this will have on the economy of British Columbia, and in view of the fact that the government's commissioner, Mr. Justice Smith, found there was no undue delay in loading and unloading ships by reason of labour disputes, might I ask the Prime Minister what action the government proposes to take to try to prevent the imposition of this surcharge?

Right Hon. L. B. Pearson (Prime Minister): I received a telegram this morning and I took up the matter with the Minister of Transport, who I believe has already replied to it.

Mr. Douglas: May I ask the Minister of Transport if he would give the house some idea of what action is being taken to prevent the imposition of these surcharges by the two groups who have made these announcements?

Hon. J. W. Pickersgill (Minister of Transport): Well, exactly the same kind of protest and representation is being made with respect to this proposal as was made with respect to the other proposal which, as the hon. gentleman knows, has been postponed. Most urgent protests are being made by the harbours board.

Mr. Douglas: May I ask the minister whether he has received any reply to the protest he made to the Japanese shipping federation?

Mr. Pickersgill: Well, as the hon. gentleman knows, the most effective reply was that the date for the imposition of this surcharge was postponed so there would be an opportunity for representations to be made. Representations are being made in the most urgent possible manner.

CANADIAN BROADCASTING CORPORATION

PROTEST BY QUEBEC PREMIER RESPECTING PROGRAM "TIREZ AU CLAIR"

On the orders of the day:

Mr. Raymond Langlois (Mégantic): My question is directed to the Secretary of State. I should like to ask whether she received a telegram from Mr. Daniel Johnson containing very strong protests about the program "Tirez au Clair" last night, which dealt with educational affairs. Evidently one of Mr. Johnson's ministers was refused participation in the program and the entire 45 minutes was given to the former minister of education, Mr. Gérin-Lajoie. Has the minister received any explanation for such behaviour from the C.B.C.?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): No, I did not receive any message from the Quebec premier.

Mr. Langlois (Mégantic): I have a supplementary question, Mr. Speaker. Would the hon. minister tell the house that she will look into the matter and give the house an answer on the attitude of the C.B.C., or might it be that the problem should be taken up now by the committee on broadcasting, films and assistance to the arts?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): If I may supplement the answer, just at lunch time I received a telegram from Mr. Johnson protesting strongly about this matter. I had already acknowledged the telegram before coming into the house, to the effect that I would take up the matter with the C.B.C. through the Secretary of State. I sent a copy to the Secretary of State, who probably has not received it yet.

NATURAL GAS

TRANS-CANADA PIPE LINES—
REPRESENTATIONS BY
U.S. COMPANIES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Is the government taking any steps to answer charges made before the federal power commission in Washington by competing gas line transmission companies that the changes required by the Canadian government in the proposed pipe line to come through northern Minnesota would make it uneconomic and that the plan is not practical to meet the market needs of the United States and eastern Canada?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I do not think the members of the federal power commission will be surprised to hear these opinions from competing companies.

SUGAR

ARRANGEMENTS FOR IMPORTS FROM
CARIBBEAN COUNTRIES

On the orders of the day:

Mr. Speaker: The hon. member for Northumberland.

Some hon. Members: Hear, hear.

Hon. George Hees (Northumberland): Mr. Speaker, for the first time in a long time I am caught without anything to say.

I should like to address a question to the Minister of Trade and Commerce, of which I sent him notice. Were arrangements completed at the recent meeting of officials in St. Lucia to assist the sugar industry in the Commonwealth Caribbean countries? If so, what are the basic features of the arrangement?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, this gives me an opportunity to express not only my approval but, as evident from the applause from behind me, the general approval of the announcement made this morning by the hon. member. I wish to add my personal congratulations.

Mr. Bell (Saint John-Albert): We will do the same for you.

Mr. Winters: Thank you very much. The problem faced by the sugar producers in the Commonwealth Caribbean countries has been of considerable concern to us, as of course it has to them, for some time. At the Prime Ministers' conference last year we decided that in the absence of a world sugar agreement, toward which we are working, we would undertake some temporary measures to help assure access to the Canadian Market of a reasonable level of sugar imports from that area at a price which was made somewhat better than the world price by the remission of the 29 cents tariff per hundredweight.

At a recent meeting of officials in St. Lucia further progress was made in working out the details, and we expect a final decision will be made shortly.

NATIONAL DEFENCE

INQUIRY AS TO SYSTEM OF RETAIL OUTLETS
TO BE RETAINED

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of National Defence which deals with an important matter, as expressed to me during the last few days. Can the minister inform the house which system of retail outlets as a result of the reorganization of the minister's thoughts will be retained for the services, the P.X. which is used for the air force or the M.L.S. as used by the army?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, it was explained to

the committee the other night that this question is now under active consideration. Once all systems have been examined and the wishes and needs of servicemen, both in Canada and overseas, have been taken into account, a recommendation will be made to the defence council, and following that some decision will be made.

HIGHWAY SAFETY

REQUEST FOR POLICY STATEMENT BY PRIME MINISTER

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I should like to direct this question to the Minister of Industry. Since only 1 per cent of highway accidents can be attributed to defective automobiles, will the minister give some indication as to what progress is being made by way of legislation to reduce the heavy toll being suffered through other causes over which the government does have jurisdiction? On January 25 I put a similar question to the Prime Minister, at which time he promised a statement would be made by the minister responsible.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, this is quite a lengthy question and I would be glad to take it as notice.

NATIONAL HARBOURS BOARD

PAYMENT OF GRANTS IN LIEU OF MUNICIPAL TAXES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): My question is for the Minister of Transport. Has the minister now the information available about the new National Harbours Board taxation arrangements for the municipalities, mentioned last Friday?

Hon. J. W. Pickersgill (Minister of Transport): Yes, sir. It has been decided that the National Harbours Board, now paying grants in respect of 1965 equal to 50 per cent of taxes, will increase those grants to 62½ per cent for 1966, to 75 per cent for 1967, to 87½ per cent for 1968 and to the full 100 per cent for 1969.

FINANCE

PERSONNEL OF TASK FORCE TO STUDY FOREIGN OWNERSHIP

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister [Mr. Hellyer.] without Portfolio from Toronto—so I may be sure the minister knows I am speaking to him—in his capacity as chairman of the committee of ministers to study foreign control in the economy. May I ask him—

Mr. Speaker: Order, please. I suggest to the hon. member he cannot ask a question of the minister in the capacity in which the hon. member has referred to him.

Mr. Lewis: May I rephrase my question, Mr. Speaker. May I ask the Minister without Portfolio whether he can announce to the house the names of the task force which will assist the committee of cabinet ministers in its study of foreign control in the Canadian economy?

Hon. Walter L. Gordon (Minister without Portfolio): Not at the present time, Mr. Speaker.

AIRPORTS

VANCOUVER—REQUEST FOR IMPROVEMENT OF ACCESS FACILITIES

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I wish to direct a question to the Prime Minister about—

Some hon. Members: Hear, hear.

Mr. Fulton: Mr. Speaker, it is very gratifying to receive a welcome like this. I only wonder whether it will continue every time I return from a visit to my constituency.

I want to ask the Prime Minister about a matter of great concern to the people of Vancouver and district concerning access to the international airport on Sea island. Did the Prime Minister and some of his colleagues receive a brief from the Richmond Chamber of Commerce recently requesting immediate action on the improvement of access facilities, particularly in the light of the construction of the new terminal building there? If so, has the government made any decision on that submission?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, before I try to answer that question, on a question of privilege I wonder if you could inform me what is all the applause about that seems to be caused by two hon. members of the house today.

Some hon. Members: Oh, oh.

An hon. Member: A poor joke.

Mr. Pearson: "Tis a poor one but mine own."

Some hon. Members: Oh, oh.

Mr. Pearson: Replying to the question, Mr. Speaker, the matter is under consideration.

SHIPPING

REQUEST FOR STATEMENT ON SAFETY AT SEA AND SHIP MANNING

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, could I direct a question to the Minister without Portfolio, the hon. member for St. Lawrence-St. George, and ask him if he will soon be in a position to make detailed announcements about the matters of safety at sea and the manning scales of ships.

Mr. Speaker: The hon. member for Queens-Lunenburg.

[*Later:*]

Mr. Howard: Some time ago I addressed a question to the Minister without Portfolio concerning safety at sea and the manning of ships. Perhaps I did not transport the question to the right minister. I wonder if I can ask somebody else to reply.

Hon. J. W. Pickersgill (Minister of Transport): If the hon. gentleman would ask his question tomorrow when the Minister without Portfolio will be the acting minister, I am sure he will get an excellent reply.

Mr. Howard: I will get a more precise reply; I am sure of that.

DEFENCE PRODUCTION

REPORTED CHANGE IN TARIFF ON MILITARY EQUIPMENT PURCHASED ABROAD

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct a question to the Minister of Industry in his capacity as Minister of Defence Production. Has a change been made in the tariff on military equipment purchased abroad by the Canadian government? If so, what is the amount of the purchase required for full remission of customs duties and why was the change made?

Mr. Speaker: This question should be placed on the order paper.

Mr. Crouse: Mr. Speaker, I placed this question because I am informed that a change was made and it is not applicable to components purchased by Canadian defence companies.

Mr. Speaker: Order, please. The hon. member is explaining why he asked his question. That does not change the situation; the question should still be on the order paper.

PUBLIC SERVICE

COMMITTEE CONSIDERATION OF ARMED FORCES AND R.C.M.P. PENSIONS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, my question is for the Minister of National Revenue. I wish to ask when will the terms of reference to the public service committee be broadened so they may consider the matter of pensions of ex-armed forces personnel and ex-R.C.M.P. personnel?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, this question was raised by my colleague the Minister of National Defence. I wrote a letter to the chairman of the committee saying that in our opinion it would be proper for them to consider this matter at the same time they are considering the other. If a formal reference is required from the house, however, or should the committee deem this necessary, we would be glad to make such a reference.

[*Translation*]

GRAIN

QUEBEC—INQUIRY AS TO TENDERS FOR SALE OF ELEVATORS

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to put a question to the hon. Minister of Transport.

Can the minister tell us what decision has been taken with regard to the possibility of selling or renting grain elevators in Quebec City?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): I do not believe any propositions have been received for the purchase; therefore there has been no occasion up to now for any decision.

[*Translation*]

[*Later:*]

Mr. Ricard: A supplementary question, Mr. Speaker—I was also inquiring about the renting of the premises.

Inquiries of the Ministry

Has the minister received any proposals in this connection?

[*English*]

Mr. Pickersgill: I think the same reply applies to both.

PENITENTIARIES

DRUMHELLER, ALTA.—LACK OF ACCOMMODATION FOR EMPLOYEES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I should like to direct a question to the Solicitor General; it affects the national penitentiary service. Would he check into conditions in the new institution at Drumheller, where I suggest he will find that it cannot be opened because accommodation is not available to house 175 employees, so it is impossible to relieve the overcrowding in other institutions.

Mr. Speaker: Perhaps this question should be placed on the order paper.

[*Translation*]

VETERANS AFFAIRS

QUEBEC—POSSIBLE TRANSFER OF HOSPITAL TO LAVAL UNIVERSITY

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I wish to direct a question to the hon. Minister of Veterans Affairs.

What action is the government considering with regard to the veterans hospital at Ste Foy? Has the possibility of a transfer to Laval University been discussed?

Mr. Speaker: The question does not appear to be very urgent and I would suggest that it be put on the order paper.

[*English*]

EXTERNAL AFFAIRS

REPRESENTATIONS RESPECTING DISPUTE BETWEEN EGYPT AND SAUDI ARABIA

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is directed to the Secretary of State for External Affairs. In the light of the minister's moving defence of quiet diplomacy earlier this week, a policy with which I largely agree, can the hon. gentleman tell us whether the Canadian government has made any representations to the governments of Egypt or Saudi Arabia with regard to the accelerating conflict in southwest Arabia and Yemen?

Hon. Paul Martin (Secretary of State for External Affairs): I will take notice of that question, Mr. Speaker.

FINANCE

REPORTED CONFUSION RESPECTING TAX ON BUILDING MATERIALS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): I wish to address a question to the Minister of Finance, but if the Minister of National Revenue thinks he would be better able to reply, perhaps he would do so. Has the minister been advised about the confusion existing in the building supply industry because of the fact that in some cases the present tax applies at the rate of 11 per cent, while in others it applies at the rate of 12 per cent? If so, does the government intend to take any action to simplify this situation?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): In the implementation of the new tax, that is the increase in sales tax from 11 per cent to 12 per cent, the government decided to proceed as simply as possible by using as the schedule for construction materials the schedule which was used prior to the imposition of the sales tax on construction materials in 1963. Most people in the business of manufacturing construction materials are familiar with this schedule.

CANADIAN BROADCASTING CORPORATION

SASKATCHEWAN—USE OF SATELLITES TO PROVIDE TELEVISION SERVICE

On the orders of the day:

Mr. S. J. Korchinski (Mackenzie): I should like to direct my question to the Secretary of State. May I first thank her for the announcement she made yesterday concerning the intention of the C.B.C. to extend service to northern Manitoba where 7 per cent of the people are without service. Is the hon. lady aware of any plan on the part of the C.B.C. to use satellites to provide service to other remote areas in Canada such as parts of Saskatchewan, where 17 per cent of the people are without service?

Mr. Speaker: Order. A question of the same type was asked yesterday, and I suggested then that it be placed on the order paper.

Mr. Korchinski: With all due respect, I am asking whether satellites are to be used; that is the point of my question.

Mr. Speaker: I am sure the hon. member will get a reply if he places the question on the order paper.

CANADA PENSION PLAN

AUDITING OF RECORDS RESPECTING CONTRIBUTIONS BY EMPLOYERS

On the orders of the day:

Mr. A. D. Hales (Wellington South): I have a question for the Minister of National Revenue, the minister responsible for Canada Pension Plan contributions. Is it the intention of the minister to appoint auditors to visit employers to find out whether these contributions are being made and remitted?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): This matter is being handled within the Department of National Revenue. People representing my department have to visit a great many employers in Canada and intend, of course, to audit the records in this regard as well as in other areas which fall within our responsibility.

Mr. Hales: If the minister has any notion of appointing auditors for this purpose, will he consult with his colleague the Minister of Labour, who is responsible for unemployment insurance, so that one auditor can do both jobs?

Mr. Speaker: Order. The hon. member has made his representations, and I am sure the minister will take notice of the question.

[*Translation*]

AIRPORTS

ST. JOHN, QUE.—REQUEST FOR FEDERAL ASSISTANCE IN DEVELOPMENT

On the orders of the day:

Mr. Paul Beaulieu (Saint-Jean-Iberville-Napierville): My question is for the Minister of Transport, Mr. Speaker.

I should like to know whether the government intends to subsidize the development of the St. Jean airport, as was done recently for the St. Hubert airport.

In view of the fact that the site of Expo in Montreal is a mere 15 miles away from St. Jean, this municipality is very interested in the development of its airport.

Mr. Speaker: Perhaps the hon. member might wish to place his question on the order paper.

[*English*]

NATIONAL DEFENCE

BRITISH COLUMBIA—CRASH OF MEMBER OF AEROBATIC TEAM

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I have a question for the Minister of National Defence arising out of the recent unfortunate crash of a Tutor jet being flown by a member of the golden centennaires aerobatic team near the Comox armed forces base. I should like to ask the minister whether any review is being made of the program and the training procedures in connection with this aerobatic team as a consequence of this unfortunate accident.

Hon. Paul Hellyer (Minister of National Defence): Since returning to the capital I have not had the opportunity to obtain a report with respect to this accident which occurred yesterday. I know all members of the house share with the hon. gentleman and myself sorrow at this tragedy, and we extend our condolences to the family.

NATURAL RESOURCES

BRITISH COLUMBIA—PROPOSED ESTABLISHMENT OF WILDFOWL SANCTUARY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): As a former parliamentary leader in this house I wish to direct a question to the minister responsible for wildlife. Has the minister received any response from the government of British Columbia to the proposal made by him and his department with respect to the joint development of Duck lake at the end of Kootenay lake as a wildfowl sanctuary?

Mr. Speaker: I should think the minister responsible for wildlife would suggest that the question be placed on the order paper.

HOUSE OF COMMONS

HOCKEY GAME BETWEEN MEMBERS AND PRESS GALLERY

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): My question is addressed to the Prime Minister. Has the attention of the right hon. gentleman been directed to the distinction of a non-partisan nature which was brought to this institution last night by members of the house in their hockey game against members of the parliamentary press gallery?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I feel hurt that I was not asked to take part.

An hon. Member: You would be more hurt if you had.

Mr. L. M. Brand (Saskatoon): In view of what happened at the hockey game last night, and in view of the report on hockey tabled recently in this house, may I ask whether the Prime Minister has taken any measures to protect the House of Commons stars of last night's game? Will he see that any N.H.L. contract signed as a result of their sterling performances will at least contain a provision that they play only on Canadian ice?

Mr. Pearson: I did not think there were any stars, Mr. Speaker.

[*Translation*]

Mr. Grégoire: On a question of privilege, Mr. Speaker. I believe there were stars in yesterday's game and I would ask the Prime Minister to recognize the ability as hockey players of members of this house.

[*English*]

INQUIRY AS TO ESTABLISHMENT OF COMMITTEE ON PROCEDURE

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to direct a question to the government house leader. Can he advise us when it is likely the committee on procedure will be established so far as personnel are concerned, in view of the fact there is some doubt as to the wisdom of retaining some of the temporary rules without first making a thorough examination of how effective they have been?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I hope the committee can be set up soon.

Mr. Baldwin: I have a supplementary question. Will the minister give some thought to whether there is any legal or constitutional basis for the committee on procedure to continue during the next session without having to be reconstituted?

[*Translation*]

TRADE

DISCUSSIONS RESPECTING U.K. ENTRY INTO EUROPEAN COMMON MARKET

On the orders of the day:

Hon. Martial Asselin (Charlevoix): Mr. Speaker, in a more serious vein, I have a question for the Minister of Trade and Commerce. Can he tell the house whether Great Britain is keeping Canada informed of her initiatives and conversations at present with a view to her entry into the Common Market?

[*English*]

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, they keep us very well informed. One could not say they keep us informed about all conversations, but we are pretty well up to date on what is taking place there.

ADMINISTRATION OF JUSTICE

PETERBOROUGH, ONT.—AMNESTY TO MEN IMPRISONED FOLLOWING TILCO STRIKE

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question for the Solicitor General, of which I have given him due notice. On Tuesday of this week he informed the house that clemency was being exercised in the cases of two trade unionists in Vancouver. I should like to know what progress is being made in the study regarding the granting of amnesty to the trade unionists who took part in a mass demonstration in the city of Peterborough before Christmas.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, if I understood the hon. member correctly he is referring to relief in respect of criminal records, because the sentences have been served by the people in question. As I advised the house earlier, this matter has just recently been taken under consideration.

WOMEN

ORDER IN COUNCIL RESPECTING TERMS OF REFERENCE AND PERSONNEL

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if I have the unanimous consent of the house to revert to motions I should like to table an order in council setting out the personnel and terms of reference of the royal commission on the status of women.

Mr. Speaker: Is it agreed that we revert to motions?

Some hon. Members: Agreed.

Mr. Speaker: Does the right hon. Prime Minister have leave to table this document?

Some hon. Members: Agreed.

EXCISE TAX ACT AND OLD AGE SECURITY ACT

The house resumed from Wednesday, February 15, consideration of the motion of Mr. Sharp for the second reading of Bill No. C-268, to amend the Excise Tax Act and the Old Age Security Act, and the amendment thereto of Mr. Knowles.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, this afternoon I should like to take a few minutes to complete the remarks I was making yesterday when we adjourned.

It seems to me that in introducing this bill the Minister of Finance, is doing precisely, in respect of people in lower income brackets and on fixed incomes such as pension allowances of various kinds, that which he warned us about some months ago. He has been warning us since last spring that we are facing a spiralling inflation and an ever increasing and alarming cost of living.

Some time ago the minister suggested that we must exercise care in order to stop or slow down this increasing cost of living, yet what he is proposing by this bill will inevitably have the result of increasing the cost of living for those people who can least afford it, the people on fixed incomes and in the low income brackets, whether they work for wages or derive their livelihood from farming. As was pointed out yesterday, the 1 per cent increase in sales tax applied at the manufacturers' level will increase as it is passed on from the manufacturer to the wholesaler, then to the retailer and finally to the consumer. It has been estimated that this increase will amount to about another 1 per cent, making the total increase to the consumer 2 per cent.

We have heard evidence to the effect that the cost of prescription drugs has gone up by not 1 per cent but 10 per cent or 15 per cent. It must be remembered that this has placed an extra burden on the older people. This has a disastrous effect so far as they are concerned, because generally speaking they need prescription drugs more than others.

Yesterday the parliamentary secretary to the Minister of Finance and another parliamentary secretary invited us to suggest an alternative way of raising funds to cover the increases in old age pensions. I suggested an alternative yesterday. I do not have the facilities to work out whether my alternative would provide as much money as the 1 per cent increase in sales tax.

For many years we have followed the principle of a graduated and progressive income tax policy under which people who earn the most money pay the highest income taxes, and pay them at higher percentage rates. I think most members of this house and most people in this country believe in this principle. That being so, it is completely wrong for this government to suggest that taxpayers should pay 4 per cent of their income with a limit of $240 per year toward the old age security fund. As I said yesterday in answer to the parliamentary secretary, it is much easier for every member of parliament and every businessman in this country who has a taxable income of $10,000, $15,000 or $20,000 to pay the 4 per cent increase than it is for those on fixed or low incomes to pay the 1 per cent increase in sales tax.

Because I believe this proposal is inherently unjust, and because I believe those in the upper income brackets are not being asked to pay their fair share, I have no hesitation in supporting the amendment moved by my colleague the hon. member for Winnipeg North Centre and in effect voting against the proposal incorporated in this bill which will impose a substantial increase in the taxes of the people of this country.

[*Translation*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker,—

[*English*]

Mr. Speaker: I recognize the hon. Minister of Finance.

Mr. Langlois (Mégantic): If he speaks will he close the debate?

• (3:20 p.m.)

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, nothing would have pleased the Minister of Finance more than to have avoided increasing taxes to meet the costs of the guaranteed income plan for old age pensioners, and it might even have made the Minister of Finance much more popular. But as Minister of Finance I have a responsibility to be, not popular but, in so far as possible, wise. Sometimes I may succeed, sometimes I may not, but at any rate it is incumbent upon me as Minister of Finance to be concerned about the interests of all Canadians, and particularly to ensure that steady kind of economic progress that is vital to everyone in this country and particularly to the workers and farmers.

If one looks at the history of governments in the world over the centuries I think one is forced to conclude that it is because governments from time to time have not been prepared to face up to their responsibilities that in the world at large over the centuries we have had too much inflation. The problem we face in the world today in relation to economic expansion is to try to create conditions in which we have steady economic expansion without inflation. No country in the world has ever succeeded in this. Too often in the past we have had a boom and bust type of economy. If one wanted to look around the world for an example of the serious problems that arise when not enough attention is given to this situation, one has only to look at the United Kingdom today, where because of the failure to deal adequately with the problem of ensuring steady expansion without inflation the government of that country is forced to the kind of measures that I sometimes think our friends in the N.D.P. are now advocating.

Mr. Speaker, if there had been any prospect whatever that there would be surplus revenues either during this fiscal year or during any subsequent fiscal year out of which we could have met these large additions to our expenditures, which I hope everyone in this house supports fully, I might have made different recommendations on this occasion. The government, looking at prospects, came to the conclusion that there was no prospect whatever that out of existing revenues we could meet the costs of the guaranteed income plan plus the other obligations the government faces and that have been supported on all sides of this house, as we have introduced legislation and as we have introduced estimates. The government therefore considered it wise on this occasion to avoid adding to any prospective deficit by raising immediately the large sums required for the supplement to old age pensions.

Much has been made of the fact that part of the revenues has been put into the old age security fund and part has gone into general revenues. In my address to the house on December 19 when I introduced these proposals I made quite clear what we were doing and why we were doing it, and I certainly resent any of the suggestions that have been made that at any time I misled the house or the public as to what we were doing.

May I, for the benefit of the hon. member for Winnipeg North Centre (Mr. Knowles), who I am sure will continue to make these points regardless of what I say, and for the record refer again to what I said about the old age security fund. I said on December 19, as reported at page 11334 of *Hansard*:

> When we consider the economic and financial effects of old age security payments, however, we must look not to the position in a single account but to total cash flows. In introducing the guaranteed income supplement we are adding $280 million a year to our cash outflow, and this must somehow be matched by increased cash revenues if we are to avoid increasing our cash deficit with all its financial and economic consequences. The accumulated surplus of the old age security account is not held in a separate cash balance. The cash received and credited to this account is and always has been pooled in the consolidated revenue fund into which parliament requires all revenues to be paid and from which the payments authorized by parliament are made.

This is the situation, Mr. Speaker. It has always been this way. If I thought I had some cash or some revenue that I could substitute for moneys borrowed or moneys raised by taxation, I would certainly have taken a different course. But in fact our expenditures are going up by $280 million, and I feel it wise under these circumstances to raise $280 million, approximately, for this purpose.

Mr. Douglas: Mr. Speaker, could I ask the minister a question? Why is it that in the past he has taken 3 percentage points of the sales tax and included it in the old age security fund computation? He is not doing so in this case. Granted, it would make no difference to his cash position, but why is he making this distinction this time?

Mr. Sharp: Mr. Speaker, I am very happy to answer that question. I answered in part the other day. There is laid upon me as Minister of Finance, upon the government and upon this parliament a responsibility to keep that fund approximately in balance. For that purpose, what we felt should go into the fund was the result of an increase in the ceiling on the tax that was imposed on personal incomes. That, we believe, will keep the fund in balance up to about 1970 or 1971. That was a responsibility upon the government, and that is how we discharged it.

However, that would not provide the cash needed to pay the extra expenditures of the government; it would be $155 million short. We might, of course, have taken the other course, but I am sure hon. gentlemen would have taken even more exception if, instead of raising the ceiling on personal income tax, I had raised the sales tax for this purpose.

Mr. Douglas: Of course.

Mr. Sharp: Yes, of course. The government's judgment was that it was better in these circumstances to use the personal income tax and raise the ceiling there, rather than alter the rates and then get the rest of the money for this expenditure—that is all I have ever said—by raising the sales tax by 1 per cent to obtain $155 million.

Mr. Douglas: Why didn't the minister put the revenue from the sales tax increase into the old age security fund?

Mr. Sharp: It was not necessary for the purpose. The hon. member for Winnipeg North Centre has laid before the house a motion to hoist this bill for six months. In other words, as far as he is concerned there is no need for any more revenues; that is the effect of the six months hoist. I consider this action about as irresponsible as any that could be taken in this house.

Some hon. Members: Hear hear.

Mr. Sharp: I would like to recall to the house some of the proposals that have been made by the party of which the hon. member for Winnipeg North Centre is such a distinguished member. I am proposing, in these tax increases, to raise approximately $290 million of revenue to meet the costs of the supplement to the old age pension, which will amount to about $280 million. If instead of following this policy we had adopted the proposals of the N.D.P. and had established a flat rate pension of $105 a month payable to everyone the cost would have been approximately $400 million. In other words, the additional cost would have been $120 million.

• (3:30 p.m.)

I will refer to a few of the suggestions for immediate action which have been made by the N.D.P. in the house and I want to stress the point that these proposals have been made for immediate action, not for action in the future. Indeed, on many occasions they have gone out of their way to castigate the government for not embarking immediately upon these expenditure programs, the most important of which is the one that I first mentioned. They have criticized the government for not paying $105 a month to all recipients of old age security. They have also proposed the abolition of university fees. I think all of us in the house want to make university education available to everyone in the country as soon as possible, but the N.D.P. has proposed that we provide free tuition immediately.

The N.D.P. proposed that $130 million should be provided which, according to my calculations, would approximately cover the payment of fees but not of course the cost of university education. The N.D.P. has criticized the government also for not increasing its external aid as rapidly as it would like. Here again everyone in the house would like to increase foreign aid as quickly as possible. I am sure this wish is universally shared in the house. The cost of our present aid amounts to $225 million per year. If we were to increase our aid now to 1 per cent of the gross national product, which is eventually our aim, it would cost another $350 million right away. If we had proceeded with the implementation of medicare this year rather than next year, as we had hoped we could do—

Mr. Orlikow: You promised it.

Mr. Sharp: I was just as disappointed as the N.D.P. that this proved to be financially unwise. However, if this had been done it would have added another $300 million to our immediate expenditures.

I have picked out only a few of the proposals for additional expenditures. I find it difficult to keep up with the proposals that are made by the N.D.P. I am sure that if I were to add them all up the cost would be even more appalling. However, the total amount of additional expenditures and additional taxation which the N.D.P. would impose immediately would come to another $900 million approximately, in addition to the $290 million which the government is proposing under these taxation measures, or a total of $1,200 million of immediate increases in government expenditures. This is the party that proposes that we should hoist these modest tax increases for six months. As my colleague the Postmaster General (Mr. Coté) has said, this is the sort of program that one might expect the Social Credit party to propose since they believe in a different form of financing, one that would be very inflationary and under which they would simply print money.

Mr. Orlikow: Who voted for debt free money?

Mr. Speaker: Order, please.

Mr. Sharp: Fortunately I can dissociate myself from past actions. I would certainly not be one of those who would advocate at any time that sort of philosophy of government finance. However, the total of $1,200 million, which would be the cost of implementing only

some of the measures that the N.D.P. would wish to implement immediately, would be equivalent to about 8 percentage points in the sales tax and would amount to about half of the revenues of our existing personal income taxes. These are the sort of tax changes which the N.D.P. is advocating immediately, I understand, and yet they are proposing that we should hoist for six months a bill which advocates an increase in tax not of $1,200 million but of $280 million.

I should like to speak now about the sales tax increase which is the point that led the hon. member for Winnipeg North Centre (Mr. Knowles) to propose the six months hoist. In supporting this amendment the hon. member for Vancouver-Kingsway (Mrs. MacInnis) said the following yesterday, as reported on page 13094 of *Hansard*:

> We feel very strongly that this type of tax should not be imposed as a means of helping people in the old age pension group because at the same time we say we are helping them we are making things more difficult for them by increasing the sales tax.

The hon. member for Comox-Alberni (Mr. Barnett), however, took a rather different line and under some pressure from this side of the house admitted that he felt there might be some virtue in a sales tax but he thought it should be in the form of a retail sales tax rather than a manufacturers' sales tax. This is a problem in taxation which has concerned tax experts for a long time and there are arguments on both sides. As I see it, the position taken by the N.D.P. on this question is partly represented by the view taken by the hon. member for Winnipeg North Centre who does not like this tax at all because somehow he feels it is not right for us to impose taxes to cover the full amount of the cost. The hon. member for Vancouver-Kingsway does not like it either because it has certain economic effects and the hon. member for Comox-Alberni does not like the manufacturers' tax and would prefer a retail sales tax. Perhaps the reason why members of that party are prepared to support this amendment is that they managed to find some common ground upon which they can agree.

However, as I was listening to the debate I asked one of the hon. members who was speaking whether he was equally opposed to provincial sales taxes, to which he said yes. I asked him whether he was also opposed to the sales tax in Saskatchewan and he said yes. I then took a good look at the history of the sales tax in Saskatchewan and

I would like to give a brief recital of the facts. In 1937, following a recommendation of a royal commission headed by Mr. Neil Jacoby, a retail sales tax was introduced at 2 per cent and it was called an education tax. The proceeds from this tax were used exclusively for educational purposes. In 1944 the C.C.F. government came to office under the premiership of the hon. member for Burnaby-Coquitlam (Mr. Douglas) and in 1950 the tax was renamed the education and hospitalization tax and was increased to 3 per cent. In 1962 the tax was given another name which related more closely to the purpose for which it was to be raised and was called the education and health tax. At that time it was increased to 5 per cent and 50 per cent of the revenues were to be used for education, 30 per cent for hospitalization and 20 per cent for medical care.

Here we have the leader of a party in this house, who as premier of a province at one time imposed a 5 per cent sales tax for education, hospitalization and medical care, now supporting an amendment in the house implying that a 1 per cent increase in the manufacturers' sales tax is iniquitous and is somehow working to the detriment of those whom we are trying to help. Perhaps the hon. member has a convenient memory and will argue that at that time special circumstances prevailed. I suggest that those decisions were taken because he believed that this was a reasonable way of raising the revenues he needed.

• (3:40 p.m.)

Following that, indeed, in confirmation of it, Mr. Speaker, a royal commission on taxation in the province of Saskatchewan was appointed in 1963. I should like to read a paragraph or two of that report about the economics of such a tax. At page 162 of the report of the royal commission on taxation, province of Saskatchewan, 1965, there appears this paragraph:

> The views which we express concerning the retail sales tax are not based only upon its current apparent acceptability—although acceptability or lack of it is certainly a matter of considerable importance in determining the usefulness of any tax form. We have concluded that a properly structured retail sales tax is a "fair" mode of taxation in that it does distribute its burdens according to at least one reasonably adequate measure of income—actual expenditures on consumption. Moreover, to the extent that expenditures on certain basic necessities of life—for example, food and shelter—are exempted from the operations of the tax, then low income groups are relieved of its most burdensome aspects, and it may be levied in accordance with reasonable concepts of ability to pay.

That is a judgment rendered upon the tax structure of Saskatchewan in which the retail sales tax is very substantial. I believe that it does support the reasonableness under modern conditions, of raising part of the needed revenues by a tax on consumption. The report also points out and reinforces the argument I made in my address on December 19, that if one does impose a manufacturers' or sales tax and exempts food, fuel and shelter one arrives at a tax that bears at least some relationship to ability to pay and is certainly not regressive.

As I said at the outset I wish it could have been possible for the government to have avoided any increase in tax. I wish, too, that we could have found other sources of revenue that would have been fairer. If I could have found them, I would have done so. However, I was limited, as I said in my budget address, by the facts of the present position. I should like to remind the house again of what I said in that connection, as reported on page 11336 of *Hansard*:

> The choice of the tax to increase for this purpose—

That is to increase our general revenues.

> —is a difficult one. Normally one would look to our regular personal income tax because, being progressive, it is one of our fairest taxes. However, we share this tax field with the provinces. We have emphasized to them in recent months that they have access to this field of taxation just as we do and must share responsibility for its use. We are proposing, as I have said, to abate our income tax for 1967 to make it easier for the provinces to raise theirs in order to help finance the rapidly growing burden of higher education. We will want to discuss with the provinces in the coming year or two various ideas proposed to reform the income tax so that we may achieve as much harmony as possible in our use of this most important tax field.

It was for this reason we did not at that time employ the personal income tax. It has been suggested that we could have removed the ceiling altogether from the social security tax on personal incomes. However, I would remind the house that these social security taxes were established for the purpose of having some sort of relationship between benefits and payments. Personally, looking back I wish we had not engaged in this bookkeeping. The hon. member for Winnipeg North Centre (Mr. Knowles) was a member of the committee and I happened at that time to have been an official adviser to the minister of finance. In addition, I was advising Mr. Jean Lesage, who was chairman of the committee at that time. If the house will pardon a little personal history I may say I was somewhat of a devil's advocate in that I suggested to the committee—

Mr. Knowles: I did not think you were the advocate.

Mr. Sharp: I was the devil's advocate in the sense that I suggested to the committee they should consider a two-tiered system of pensions, one a flat rate pension and the other a contributory pension. We have arrived at that stage today but it has taken a great many years. I suggested at that time we should begin with a two-tiered system. However, members of parliament quite rightly were concerned mainly with getting rid of the iniquitous means test. They did the right thing.

An hon. Member: We have got back to it.

Mr. Sharp: No, we have not got back to any means test, and the hon. gentleman knows that. At that time there seemed to be a curious mixture of philosophies. It was somehow felt that if you established a fund, you would limit the demands for increase in the flat rate pension. People would see a relationship between contributions to the fund and the amount of the pension. It did not work that way. As I said in the house yesterday in commenting upon a speech made by another hon. gentleman, the fund has been in a deficit position very substantially ever since it was established.

I believe the old age security fund has outlived its usefulness and I am in a mood to consider a change. A good deal, of course, depends upon the sort of recommendations we get for revision of our tax system as a whole. In the meantime, however, I believe we ought to maintain the principle of the old age security fund, that is, that there should be some relationship between the amount of contributions from personal income and the amount of benefit. If one looks back in history one will find that when the tax was first imposed in 1952 there was a 2 per cent tax on incomes with a maximum of $60, in 1959 a 3 per cent with the maximum raised to $90, and in 1964 the rate on personal income was raised to 4 per cent and the maximum to $120. We believe that on this occasion, because of the greatly increased benefits which have risen under this act to their highest level, we were justified in raising the ceiling and, indeed, we were justified in doubling it. I do not believe it would have been in accordance with the principle upon which the fund

was established that we should, as hon. gentlemen have suggested, have removed the ceiling. If we were going to deal with it in that way, then it should have been done through the income tax in full consultation with the provinces and not surreptitiously by a method that would be regarded as breaking faith with the provinces.

Mr. Knowles: Just as a matter of interest, since the minister has been recounting a bit of history, does he not recall that some of us discouraged this procedure in 1950 and said there should not be any ceiling and that the tax for old age security should be built into the general income tax structure?

Mr. Sharp: I have forgotten the proposals my hon. friend made in that committee. I know they were considerable. If he says that was one of them, then I accept his statement because I know he would not mislead us.

Mr. Knowles: As an official of the Department of Finance, the minister worked this out for me in a table which was very useful, but it was not implemented.

• (3:50 p.m.)

Mr. Sharp: I recall now that was so, Mr. Speaker. However, as I say this has been the principle that has been followed on each occasion the ceiling has been revised. I believe in this case we should not depart from that principle. I believe we have put before the house a bill designed to meet the costs. I am a little sensitive sometimes about suggestions that I am taking some philosophical position and that I believe an increase in social security should always be met immediately by an increase in revenues. When the time comes that our revenues are rising rapidly enough to meet such costs without increases in the burden of taxation, Mr. Speaker, if I am still Minister of Finance then I shall be the first to rejoice.

[*Translation*]

Mr. Raymond Langlois (Mégantic): There is one thing that always surprises me about the Minister of Finance and Receiver General, it is the nice disposition he seems to have and his capacity to keep it at all times. He is about the only minister capable of doing an unpleasant job—taxing—with a smile. He does it—I hardly know whether to say in an ironic, satirical, cynical or happy way—but in any case, he is the minister who can tighten the screws until Canadians turn blue with rage and misery and still ask them with a smile: Does it hurt?

[Mr. Sharp.]

At a time when the poor get poorer in greater numbers and the rich grow richer and fewer, we can ask how it is that the minister can fail to react more violently against such a state of affairs. People are afraid, they are worried about inflation, about the cost of living which is much too high today.

A little earlier, the parliamentary secretary to the minister, the hon. member for Saint-Maurice-Laflèche (Mr. Chrétien), seemed to be lost in a brown study—he had some food container in front of him and I wondered if he was just waiting a little before tasting the food or if he was pondering over the price thereof today as compared to what it was five years ago. But now he is sending it back. Either he finds it too expensive or he has decided to wait before having a bite. In any case, I am sure that the price is not what it was last year or the year before that, because as time goes on the cost of living goes up, the people are so short of money that they are not only threatened with want but with abject poverty.

Mr. Speaker, the stub of the cheque is getting longer and the cheque itself smaller, and if we do not put a stop to it somewhere, one day soon we will be given the stub and told simply: That is how your money was spent.

Mr. Speaker, under the circumstances, I do not understand the minister's arguments. I readily agree that our older people needed that $30 supplement. Not only the elderly are in need of assistance, but also veterans and mothers throughout the country at present. I ask the Minister of Finance and Receiver General what the situation will be after Expo '67? What will be the financial situation of the country early in 1968? I would be most surprised if we did not have a revolution in Canada because of the intolerable economic conditions. I hope the minister will then have something other than a sweet smile to offer the Canadian people, that he will have an adequate solution for the people who hope the government, the Canadian parliament will introduce more concrete measures than those he just proposed to them. These are practical but negative.

A solution is being sought through taxes and restrictions. An effort is being made to help one by tightening the belt of another. It is a plaster on a scratch, a poultice on a wooden leg. But the problem is not solved.

I cannot understand the argument of the minister that to limit the effects of inflation, another 1 per cent must be added to the 11 per cent tax. I will admit that it will be

added on the price of the product at the manufacturing level, but it will nevertheless be included in the actual sales price. And that is not the only tax the Canadian people cannot see, although they can feel the effects.

On some products, there is an extra excise tax of 10 per cent. And now, over and above that, we have a 12 per cent tax which amounts to 24 per cent, or a little more, because we have to figure 12 per cent of the previous 10 per cent, and there is, besides, the 6 per cent sales tax, in fact, 10, 12, 22, plus 6 per cent, that is 28 per cent. This is complicated. And this gives close to 30, 32 per cent. Those are taxes which the manufacturers can see and which the Canadian people may discover if they look far enough. Moreover, there are other taxes which the Canadian people do not see but have to pay.

Mr. Speaker, why always pick on the eternal taxpayer, the low wage-earner, the one who is the very foundation of our country and our economy? How can we hope to have a stronger and sounder economy if we keep on strangling those who make up the very structure and basis of that economy, the Canadian people?

Sometimes, I cannot understand the way the Minister of Finance and Receiver General goes about doing things. Recently, he brought down a bill covering all deposits made in banks or, at least, comparable institutions, etc. I, for one, always thought, Mr. Speaker, that banks were just about the strongest financial institutions in the country; I realize now that insurance companies may be in a better financial position than banks. Canadians might open their eyes if, tomorrow morning, they all went to the bank asking to withdraw their money and found our that their bank was short of funds. They would be greatly surprised to see that there was not near enough money in bank vaults. I think that if this were to happen the Minister of Finance and Receiver General would surely lose his smile. This might be a very good lesson for our Canadian government with regard to financial structures. By taxing people, by taxing a son in order to give a pension to his father who spent many years of his life working like a slave, so that he may spend the few years he has left living in decency, we choose to put salt on the wounds of the younger generation.

• (4:00 p.m.)

At the present time children have to pay for their parents' survival. Who will pay for those children later on? Who will pay for those who are paying now?

We are getting into a bottleneck where we will be stuck before long. The minister and the government will have to get us out of that mess. They should do it before we get to that point, because then there will no longer be any way out.

Mr. Speaker, in the committee on finance, trade and economic affairs, we were told that 30 per cent of the loans granted by chartered banks were made to directors of chartered banks. Have you ever figured out the fantastic amount that represents for 170 chartered bank directors? If there were less people directly interested in our financial system, it might be to the advantage of the Canadian people. Perhaps if the minister were holding the reins more firmly, had more grip and less give—financiers, of course, would get at him, that is true—he would have the Canadian people behind him. At the present time he has the support of the financiers, which is fine, but they are beside him, not with him, and the Canadian people are on the other side, and not with him either. He is in an extremely dangerous position. You and your predecessors have placed yourselves in a very difficult situation. Of course, you are not alone in the government, and you want to do your very best. But are you doing it?

Mr. Côté (Longueuil): Address yourself to the Chair.

Mr. Langlois (Mégantic): I put the question to Mr. Speaker and I know the hon. Minister of Finance understands it, as does also the hon. Postmaster General.

At this point, Mr. Speaker, I am addressing directly the minister concerned.

Mr. Côté (Longueuil): You may not do so here.

Mr. Langlois (Mégantic): That is precisely it: here, one often has to go about it in a roundabout way. I can assure you that, at times, one has to grit one's teeth.

The ministers are all nice boys, including the Postmaster General, but the Canadian people are caught in a vicious circle and only he and his colleagues, and nobody else, can get them out of it. The Canadian people place their confidence in you, and you do nothing to get them out of it. And that is why, sometimes, you find yourselves in desperate and exasperating situations. There is talk about inflation. Tighten your belts.

Our governments have always been harping on the same string: tighten your belts when in similar situations.

Mr. Speaker, how come we can afford, at this time, when inflation was feared as well as the rise in the cost of living—which has become frightening—to provide external aid while we are in a financial situation such as the one described by the minister? How can we afford to contribute $1,259,360 to external aid in one year? How can we afford to grant a loan, as we did, to stabilize the pound sterling in England at the cost of $268 million? How can we afford to grant loans to Jamaica or other foreign countries practically interest free, when our domestic situation calls for the same remedies and we fail to apply them?

Why supply foreigners with a remedy and let our own people suffer? Your good will might have been quite appreciated across the border, but not so much here. The hon. Minister of Finance and Receiver General knows it. There are 10,000 approved federal loans to Canadian students, which are held back for lack of sufficient funds. However, we take the liberty of giving $5,467.29 per year to foreign students in Canada. I am not opposed to that, but let us give as much to our Canadian students. Furthermore, let us stop taxing the parents of those students who will make up tomorrow's society. In fact, they are the hope of our nation. We are quite shortsighted in that respect.

Let the hon. Minister of Finance hold the purse strings and let him use the means available to him.

The leader of the New Democratic Party (Mr. Douglas) suggested to buy the shares of the Mercantile Bank which are offered for sale at the present time to the Canadian people. The president of the bank, Mr. Rockefeller, asked us, the members of the committee, the following question: Who, in Canada, is going to buy them? Who has the money to buy 80 or 90 per cent of the shares offered for sale?

It is the government, on the suggestion of the hon. member for Burnaby-Coquitlam. It has been suggested here that the government should control its finances. The government should buy that bank; thus, it would at least control one bank in this country and it would not put the financial interests and the economy of this country into the hands of a small circle of financiers that we call chartered banks and which are a private enterprise.

How can the minister accept this answer from a chartered bank president who says: "We are operating in the interests of the bank; we are interested in making profits". You will note that he did not say: "We are interested in the Canadian people or the Canadian government making profits". No. The bank is making the profits. Why is he not buying that bank? He would thus control on what is left, what belongs to him. It would give him an opportunity to take over at least one sector of the financial world. In order to finance what? A reasonable rate of interest at an administration cost. I am not asking the government to finance production, because that is not its field. It should stop interfering in the production field and start taking care, for example, of the distribution field. It should also finance our municipalities in order to relieve them of their tax burden.

Our senior citizen might be in a better financial position today if they had not been sucked dry by direct and indirect taxes, school, municipal, provincial and federal taxes.

Why not use, now, the central Bank of Canada, with provincial branches, to grant the same loans, the same privileges without changing the whole financial system? We could give the other levels of government privileges similar to those granted to Jamaica, to the Dominican Republic, as well as to Britain to stabilize the pound sterling. Why not use the same means to steady the financial situation of our provincial governments and, especially, our school boards, which are burdened by such a heavy load of taxes and debts that they do not know what to do?

If that was good for Jamaica, if it did not bring about or require any changes in the constitution, why should it require any change for the provinces, the municipalities or the school boards? I am not asking to make loans to Peter and Paul so as to develop private production. That is not the role of the government and it should not interfere with production or try to control it. That is why I am, to a certain extent, against government control of private corporations.

Private enterprise has done its duty in this country, but it is the Canadian government that has always allowed private enterprise, or any other body, to realize its fondest dreams.

Mr. Speaker, I submit we can use the Bank of Canada for the purpose of financing public undertakings and we need not upset anything in doing so. Public schemes are not what they were 100 years ago; neither can we compare

the present responsibilities of our governments, at various levels, with those prevailing a century ago. The situation is different from what it was at the beginning of confederation, where everyone worried and lost sleep trying to solve the problems involved in laying a railroad track from one end of the country to the other. Now, the problems are much more complicated, much more numerous and much more urgent than they were at that time.

I would urge the Minister of Finance to streamline his monetary and fiscal policy; this is 1967, he should keep up with the times and drop those policies which were used some 250 or 300 years ago in the old countries. Let us leave the banks free to operate—they are private enterprises—but I feel we should limit their prerogatives. They should not be granted powers great enough to place a government in an embarrassing situation, to bring a people down to its knees, to keep this people in a state of submission through an economic crisis or a period of inflation or depression.

• (4:10 p.m.)

A certain professor at the University of Texas once said that only one economy may be allowed to fluctuate from one extreme to the other. However, this is quite contrary to its very constitution. Our economy is subject to fluctuations and I am anxious to see what will happen early in 1968.

Mr. Speaker, if the government resorted to the means at its disposal, it would spare us from this 12 per cent tax. It is the small consumer who will have to pay it. The main duty of the government is to ensure a decent living to the people. Has this been done up to now? Everybody has the right to live.

There is not a single financier who is not empowered to tighten the screws to the point where someone will suffer or be maintained in the most abject misery. I am asking the minister to tell me what is the present financial position of the federal government unemployment insurance fund?

The government has already been forced to inject $5 million into this fund, not so long ago. Is that situation being repeated? We shall see whether, by the end of 1967, the same situation does not recur.

Mr. Speaker, I think the minister is intelligent enough to understand my remarks. Are his hands tied? Is he not authorized by the cabinet to act in accordance with the wishes of the Canadian people? If, morally, it is good for the people, why does the government not act accordingly? That is the question I am asking myself and that many people ask. I hope they will find an answer before the next federal election. The minister may have found a solution before then. But, in the meantime, people are taxed and taxed and overtaxed.

Why not take the initiative, for once, and separate the private sector from the public sector. Interest should be charged, of course, but on production, and not on things that are unproductive. Schools? Because of the ridiculous interest charged, the cost of building a school is doubled and the cost of building a road is doubled or tripled, and after twenty-five years, the road is still not paid for and we are still deep in debt. The same principle applies to bridges and to everything coming under public authority—schools are unproductive, they serve education. However, they depreciate in value, but why?

Why is it finally worth nothing? Why is twice the cost of the school still owing? It is because of the interest.

This is illogical; this is nonsense. Public funds should be used to finance public enterprise; the private sector should be left alone and public funds should not be used to finance private enterprise. Many problems will be solved and the minister will avoid many a headache when he decides to take action; he no longer will have to put a poultice on wooden legs, like he has to now.

Our senior citizens are surely not numbskulls, they have been around; they have had a rough time, but you cannot fool them too easily. They are very much aware of the fact that they must depend on their children for their bread and butter today because of a misconceived and badly administered financial system.

Who will provide for the future generation now paying for this scheme? I ask this of the minister. I hope he is a true statesman and not a financier's puppet. I hope he will find an answer to the present problem in order to avoid the catastrophes of tomorrow.

[*English*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, it was not my intention to take part in this debate but I think I should make some comment about the speech just made by the Minister of Finance (Mr. Sharp).

The minister made a very spirited defence of his budget and told the house why it should reject the amendment proposed by the hon. member for Winnipeg North Centre (Mr.

Knowles), an amendment which would have the effect of giving this bill a six months hoist. The minister began by saying that he liked to avoid imposing taxes, that he would be much more popular if he did not have to be a tax gatherer but that he is desirous of ensuring steady progress for the workers and farmers of this country. No doubt this is why he intends to add to their costs of production by increasing the sales tax. He told us he would be failing to live up to his responsibilities if he failed to act, because this country needs expansion without inflation.

Surely, however, the minister is not asking us to believe that the reason he is imposing this tax is that he wants to prevent inflation. The minister himself told us in the course of his budget speech on December 19 that whereas the budget of last spring had anticipated a deficit of $150 million the anticipated budgetary deficit today is $340 million. This is not because of the increased expenditure on old age pensioners. The minister says the anticipated increase in expenditure for old age pensioners will be some $280 million a year, and he has made provision for raising $290 million to meet that cost. The reason there will be a larger deficit than anticipated last spring is that the minister has decided to spend more money on Expo and has put back on the list certain public works which had been removed. I am not quarreling with that. But let him not try to kid the troops that he is imposing this tax because he wants to prevent inflation. The minister himself has increased his deficit, which means he will be spending considerably more in relation to revenue than he anticipated only last spring.

The position which we in this party take is, first of all, that the minister did not need to increase taxes in order to meet the cost of the old age supplementary payments at this time. According to the hon. gentleman's own statement we could have absorbed this increase out of the surplus in the old age security fund up until the middle of 1969. There are sufficient surpluses there, according to the tables the minister placed on *Hansard*, to meet this increase until the middle of 1969.

Mr. Sharp: Would the hon. gentleman clarify the word "surpluses"?

Mr. Douglas: I will take the minister's own statement as recorded at page 11334. He said:

> It would use up the accounting surplus in the fund by mid-1969 and produce an annual deficit of nearly $400 million in the fund by the time the age reduction already in the law takes full effect.
>
> [Mr. Douglas.]

I am not suggesting that the minister should wait until the middle of 1969. Certainly some increase in taxation would be warranted in the budget for 1967-68 or 1968-69. But no increase is required at this time.

There is no doubt in my mind that the sole reason the minister brought in these tax increases was to associate them in the public mind with the old age supplementary payments in order that the people of this country would be made aware that if they insisted on improving social security they could automatically expect taxes to be increased. A phrase in the Bible says "Ask, and ye shall receive." The minister has a new version: "Ask, and you shall pay for it." He wants to drive home this lesson. Despite the fact that according to his own statement on December 19 the old age security fund had a surplus at the end of October of $235 million—

Mr. Sharp: But no cash.

Mr. Douglas: If the minister is not keeping the cash there he is taking it out for something else and he ought to put the cash back into the fund. The minister has been playing ducks and drakes with the country for too long. He cannot say on the one hand, that there is no cash and at the same time keep bookkeeping accounts on the basis of which he can say: "You have used up all the surplus; I must now raise taxes." This is what he is doing when he imposes the taxes set out in this bill.

One of these taxes, the minister tells us, will bring in $155 million a year, but that is not going into the fund. He says this if for cash purposes. But mark my words, at the end of 1971 the minister, if he is still Minister of Finance and if this country is still solvent, two things which taken together are difficult to comprehend—

Some hon. Members: Oh, oh.

• (4:20 p.m.)

Mr. Douglas: —the minister will trot out the accounts for the old age security fund and say, look, we have used up all the surplus and it is time we raised taxes again. He will say nothing about the $155 million a year that has been collected through the sales tax to meet the cash demands to pay the old age supplementary income but which has not been recorded in the fund account.

The minister cannot have it both ways. He must put the money which he alleges is going to be used to pay old age supplementary pensions and general pensions into the fund and

keep the fund solvent. If he is going to put some into general revenue and some into the fund he might just as well drop the bookkeeping item entirely and pay both the general and supplementary old age pensions out of the general fund.

Mr. Sharp: A lot can be said for that idea.

Mr. Douglas: Of course it can, but the minister should not now try to befuddle the picture still further and confuse people's minds by giving the impression, as his speech of December 19 undoubtedly did, that these two taxes which take $290 million per year out of the pockets of the Canadian people are necessary in order to pay a $30 per month supplementary pension to those old people who can pass an income test. That is just not true. It was not necessary then and it is not necessary now.

By the minister's own statement, even with the increase in income tax, the fund will be solvent to the end of the 1970-71 fiscal year without the increase in the sales tax. The minister does not need the sales tax increase in terms of this fund. The minister says he has to have money. There is no argument about that. The minister needs more revenue for general purposes but the old age security fund as a result of this income tax increase will take care of itself, according to the minister's own statement, until the end of the fiscal year 1970-71.

The minister says he needs other revenue, but we say that if he does, this is the worst possible way to get it, by increasing the sales tax from 11 per cent to 12 per cent. This is a regressive tax and because it is levied at the manufacturers' level it will probably mean that the consumer will pay some 16 per cent or 17 per cent in mark-up on commodities which are taxable.

The minister twitted me with the fact that in the province of Saskatchewan there is a provincial sales tax, that when we took office there was a sales tax, if I remember correctly, of 2 per cent which was later raised to 3 per cent when hospitalization came in and to 5 per cent when medicare came in. There are always degrees of equity which any government has to assess. What sources of revenue does a provincial government have?

Mr. Sharp: All of them.

Mr. Douglas: The minister says "all of them", but he knows better than that. He knows in the first place that under the British North America Act the provinces only have the right to direct taxation, not indirect taxation.

Mr. Sharp: You used direct taxation in a way that at one time was thought impossible.

Mr. Douglas: The minister first said there was no restriction, but provincial governments are limited to direct taxation; they cannot levy indirect taxes.

Mr. Sharp: That is why they have sales taxes.

Mr. Douglas: Perhaps the minister will keep himself calm and in his general good humour while I develop my argument.

Provincial governments have no access to indirect fields of taxation. While they have access to income and corporation tax fields it is virtually impossible to go beyond or very far beyond the amount which is agreed upon under tax sharing arrangements; otherwise there would be double taxation. This leaves provincial governments with several choices.

Provincial governments must acquire their revenue from licences and royalties on the development of raw materials and resources, through direct retail sales taxes or through per capita taxes, which is the most regressive of all forms of taxation. Finally, they can raise taxes through taxation of property, but in practically all provinces this has been turned over to the municipalities as their exclusive field. What the provincial governments have to do is decide within the sources they have which is the least onerous and which is likely to be the most equitable form of taxation.

When the province of Saskatchewan had to raise money for hospital care, and you will remember that Saskatchewan instituted its hospitalization plan 11 years before such plans became general across Canada and financed the entire burden itself, it collected the money in three ways, by a small per capita tax which every family paid, by a sales tax and from general revenue.

When medicare came in the same thing had to be done. Some of the money had to be raised by sales tax, some by a small per capita tax, and some of it came out of general revenue. That does not mean that a sales tax is the most equitable form of raising revenue, but it is more equitable than taxing property and it is more equitable than a per capita tax on every family. Certainly it is not by any stretch of the imagination a tax which is best calculated to obtain revenue on the basis of an individual's ability to pay.

Our quarrel about the bill the minister has put before us is that of the $290 million he requires he will collect $135 million from people who are well able to pay by raising the ceiling on the 4 per cent income tax surcharge from the first $3,000 of taxable income to the first $6,000, but $155 million, more than half the money he wants—

An hon. Member: Which he does not need.

Mr. Douglas: —and which he does not need so far as the old age security fund is concerned, is going to come from the people who have to buy the ordinary everyday commodities of life. This money will be collected with no relationship whatsoever to ability to pay. It has some relationship, perhaps more than a per capita tax, in that people who buy expensive cars, jewelry and other goods like steam yachts, if anybody buys steam yachts any more, will pay a considerable amount into this fund. The thing that is wrong is that no matter how hard up people are, including the old age pensioners the minister suggests he is trying to help by this tax, they will be paying the increased sales tax. This increase in sales tax will increase the price of nearly everything these people buy. Only a few items are excluded.

Mr. Sharp: Like food, fuel and shelter.

Mr. Douglas: If the minister will take a look at some supermarkets he will find out what is happening to costs there. The Montreal *Gazette* of February 14 reported on investigations made in stores in the city of Montreal in respect of prices. It was found that prices are up on drugs, gasoline, lubricating oils and products such as detergents and margarine. It has now been announced that the cost of cigarettes and clothing is to go up. But the most iniquitous thing is that not only is the 1 per cent increase in the sales tax levied on the manufacturer being passed on but a good deal more is being passed on. This report says:

• (4:30 p.m.)

Dealers obviously are passing many on—and then some. The federal tax was raised to 12 per cent from 11, but many retail prices are up anywhere from 2 to 10 per cent, and sometimes more.

"Everything's going up," says the girl in the drugstore. "Toothpaste that used to be 69 cents is 75 cents. Some face tissue is 25 cents where it was 22. And a roll of black and white film costs 66 cents now, a cent more than on Dec. 31."

One brand of mouthwash, which has sold for 70 cents for years, now is 75 cents in some outlets.

[Mr. Douglas.]

They go on to speak of drugs particularly having gone up. Then the report says:

A. J. McKichan, manager of the Retail Council of Canada, predicts the end result of the increase will be what he calls psychological pricing.

"Some increases are acceptable to the public, others not," he says.

"Retailers will try to recover costs by raising prices on items that can stand it, and keeping them steady on others which couldn't become more expensive without markedly reducing sales."

He forecasts that clothing will probably cost more soon, because generally it still is priced below the "psychological limit."

That is a nice way of saying that it is below what the traffic will bear.

Mr. Sharp: That must have been true of the 5 per cent tax in Saskatchewan too.

Mr. Douglas: No. The minister knows, because he is an economist, the difference between a retail tax and a tax at the manufacturer's level. The tax in Saskatchewan, and in all other provinces now but one, is on the retail price that people pay. If you buy a $1 article you know you will pay an additional 5 cents. Even the minister knows that. That is very different from imposing 12 per cent on the manufacturer's price. Heaven only knows what happens to the retail price then because when you buy an article in the store you do not know how much of the price you pay is federal sales tax and how much you are actually paying for the commodity. The fact is that the minister had to raise $290 million. He is raising the minor part of it on the basis of ability to pay, and well over 50 per cent of it from the people who can least afford to pay it, the people who have to buy ordinary goods in the stores.

The minister says that we in this party are always talking about the things we would like to see done. He made an inventory, and I wish to thank him for it, of the things we have been advocating. He says these would cost some $900 million.

Mr. Sharp: More.

Mr. Douglas: Or more. He wants to know how we would propose to raise the money and suggested that we might have decided to join the Social Credit party and print the money. I would remind the minister, of course, that it was not the members of this party who voted for debt free money in 1962; it was the members sitting across the way who voted for a Social Credit amendment. The Secretary of State for External Affairs (Mr. Martin) stood just down here on this side

of the chamber and made an impassioned speech to save Canada by issuing debt free money.

Mr. Starr: He led them in the vote.

Mr. Douglas: Apparently the Secretary of State for External Affairs has not had much effect on the Minister of Finance.

An hon. Member: Thank God.

Mr. Douglas: The former minister of finance also voted for debt free money. Apparently he has not had any effect on the present Minister of Finance. If the minister wants to talk about printing money, I say to him that he and the members of the Liberal party are the last people who ought to talk about panaceas for solving financial problems, because they showed on the day they voted for that amendment that they were either being completely cynical and hypocritical or actually believed that was how they could solve the financial problems of this country.

Mr. Barnett: It was the first.

Mr. Douglas: I am sure it was the first. Undoubtedly money has to be raised. First of all, the minister assumes that there is a sort of fixed amount of money when as a matter of fact the amount of money available can be increased as we increase our productivity. The theme the Economic Council of Canada has been driving home again and again is that our productivity is lagging some 25 per cent behind the productivity of the United States and that by economic planning, by direction of investment, by allocation of resources in this country we can tremendously increase our productivity. This is one of the ways in which we can get this money. Does the minister tell us for a moment that this country cannot increase its productive capacity by $900 million?

Mr. Sharp: Yes, it can.

Mr. Douglas: If we went to war tomorrow the Minister of Finance would find a great deal more than $900 million, and the people of this country would mobilize their financial, economic and physical resources to produce a great deal more than $900 million additional wealth.

Mr. Sharp: And impose taxes for the purpose.

Mr. Douglas: The other point is that when we require to impose taxes, as we do, we have to decide what is the most equitable way to allocate the burden of those taxes. This is where our quarrel is with the minister. If the minister needs an extra $155 million—he did not need it for the old age security fund, he needs it for cash—where is the best place to get it? The hon. member for Antigonish-Guysborough (Mr. Stewart) was running interference for the minister yesterday. I suppose that is how one gets to be a parliamentary secretary. The hon. member was jumping up periodically and saying: "Where are you going to get the money?" The minister knows there are better ways of getting $155 million than raising the cost of living by 2 per cent for the great mass of the Canadian people.

First of all, the minister could, if he needed that extra money, have completely taken the ceiling off the income tax surcharge for old age pensions. There is no reason why the 4 per cent should stop at the first $6,000 of taxable income. The minister said today that he wanted to keep it in some relationship to the benefits. There is no relationship to the benefits now; it is up to $6,000 of taxable income. If the minister would study the social security plans in many countries of the world he would see that there is no ceiling. They pay security tax on their entire income. Certainly people receiving substantial incomes can well afford to pay that 4 per cent on all their taxable income. There is no reason why their income above $6,000 should be exempt. There is no reason why a man who has $30,000 of taxable income should pay the same amount of tax as a man who has $6,000 of taxable income. He can afford to pay more.

Mr. Sharp: That man pays higher taxes now.

Mr. Douglas: There is no reason why he should not pay more into the old age security fund. If the minister is really anxious to get money I suggest he look at some of the speeches made by the present Minister of National Revenue (Mr. Benson), when he was on this side of the house, about the wholesale highjacking of the federal treasury by depreciation allowances and depletion allowances. The minister should read the speeches of the Minister of National Revenue who, when on this side of the house, quivered with indignation at what was being allowed then, and it is still going on. He also referred to the high living on expense allowances which goes on in the upper strata of Canadian society.

Excise Tax and Old Age Security Act

• (4:40 p.m.)

If the minister wants more taxes he should take a look at a capital gains tax. Canada is one of the few countries left in the western world which does not impose a capital gains tax. I have never been able to understand why a man who can make $30,000 playing the stock market, $30,000 as a capital gain as a result of good fortune or a turn of the market, should be exempted from paying taxes on that money while some other person earning $5,000 by the sweat of his brow is expected to pay tax on that. This is incomprehensible to me. Certainly most countries have now recognized the fairness of the view that all income, whether it comes from manual labour or executive services or from speculating in the stock market or in property, is a legitimate taxable item on which a person should pay his share of helping to maintain the services of his country.

We in this party make no apology for suggesting to the house that this bill should be postponed for six months. Both the old age pension and the supplement can be paid until the middle of 1969 without any increase in taxes. The minister can bring in income tax changes at the next session of parliament which will supply him with sufficient money to pay old age pensions until the end of the 1970-71 fiscal year. The increase in the sales tax is not necessary at all. I suggest that if he needs the money he should go into a state of quiet contemplation with himself and come back to us in his next budget and ask for the authority to collect the $155 million or whatever amount he needs by means of taxes which are based on ability to pay. I object to this measure proposed by the minister which puts the tax on the poor and the needy. I think it was Lincoln who said that the Lord must have loved the common people because he made so many of them. The Minister of Finance seems to love the common people because it is so much easier to get the taxes out of them. I suggest that in this case the minister should look to other sources in which there are those better able to pay their share of financing this country.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, we are now considering a bill entitled: "An Act to amend the Excise Tax Act and the Old Age Security Act".

In my opinion, that measure is nothing but the third act of a play staged in December 1966 when Bill No. 251 to amend the Old Age Security Act was introduced. To get the older Canadians to swallow a bill granting them only 60 per cent of what they had been promised throughout the 1965 election campaign, a good parliamentarian was needed and the Minister of National Health and Welfare (Mr. MacEachen) was the obvious choice.

It is obvious that the minister's long discussions at that time, selected excerpts of which were reported by the press gang, were meant to call the attention of the Canadian public to the cost of such a project. And when it was felt that public opinion had been sufficiently awakened to the cause, the Minister of Finance (Mr. Sharp) appeared on December 19, for the second act, with the mini-budget.

Times have changed and certain words have changed too with the years. We all remember the word used by our forbears when they needed money and had to go to a more favoured friend to get financing. At that time, that operation was considered a loan; nowadays the word "loan" has almost disappeared in the public service.

When a municipality, a province or a country is in need of money, bonds are offered for sale; the party with empty coffers has become a vendor. With this approach, it is not surprising if certain newspapers have referred to the tax increase then presented by the government as a gift.

The creation of new taxes to get more money from Canadian citizens has become an act of generosity, and it is a smiling Minister of Finance that we have seen reading the speech accompanying that offering. The minister has shown himself very generous by keeping the sales tax on building supplies at the low level of 11 per cent.

Hon. members will remember that, in order to promote the acceptance of this 11 per cent tax, a $500 bonus had been given to those who dared to build a house in winter. Is it generous to deprive of $500 those who, during the present season, are still paying the 11 per cent building tax on the home their family needs? Are there people unenlightened enough to believe that a tax increase was necessary to stop inflation? Are we witnessing a gift or a theft, considering that invalids, needy mothers, people on relief, the unemployed, and badly paid civil servants both in the federal and in the provincial governments will now have to pay a 12 per cent federal sales tax on all clothing and shoes for men, women and children?

A 12 per cent tax is being charged on all clothing which is indispensable in a climate like ours and on all electrical appliances which makes life a little easier for Canadian housekeepers. Are we witnessing a gift or a theft, when we see that a 12 per cent tax will be charged on all household furnishings as well as on linoleum and all other types of carpet for covering floors?

A 12 per cent tax will also be charged on the tools of all Canadian workmen, whether lumberjacks, electricians, plumbers, carpenters, or welders; in fact, this tax will hit workmen in all professions. But when the time comes for those self-same workers to pay income tax, the Department of National Revenue does not allow depreciation on their tools. The car which the majority of those workers need for work, seeing they have to travel to the job, is also hit by this 12 per cent tax.

• (4:50 p.m.)

There again, there is no question of claiming travelling expenses when these workers file their income tax return. The government refuses to grant them that right which, nevertheless, several other groups of society enjoy. The minister, who lives but a block away, can claim exemptions on two scores for travelling, namely an allowance of $6,000 as a member of parliament, and another of $2,000 for the upkeep of his car, as a minister.

A few minutes ago the minister told us how he wants to help farmers. Does the minister have a press release to advise the farmers that from here on they will have to pay a 12 per cent tax on the materials needed for the construction and maintenance offences that are absolutely indispensable for keeping their livestock? Would the minister also take this opportunity to notify farmers that when they purchase an electric fence control—in general, these devices are imported from the United States—in the future, they shall have to pay customs duty and taxes totalling 34½ per cent?

This is so hard to believe that I shall quote a passage from *Hansard* of April 4, 1966, to corroborate my statement. I had put question No. 1,190 on the order paper; the question reads as follows:

> Are the following items subject to the 11 per cent sales tax (a) galvanized trade wire (b) annealed trade wire (c) oiled and annealed trade wire (d) hay baling wire (e) electrical fence wire (f) barbed wire (g) welded mesh fencing (h) farm fencing (i) chain link netting (j) steel fence posts (k) steel farm gates?

The hon. Minister of National Revenue (Mr. Benson) answered the first part of my question in the affirmative. Until now, this fact has been well hidden. This tax torments and disturbs the farmers who try to make farming a prosperous undertaking, particularly the Quebec farmers, most of whom earn a mere $1,250.

The 12 per cent tax also applies to farm trucks; even the tractors are not entirely exempt, since the manufacturer has to pay tax on the hydraulic system, the electric system, including lights, wiring, batteries, in short he has to pay tax on the complete system controlling other farm implements. The salesman's complete bill always contains these hidden taxes.

Initially, there is only a 1 per cent increase, but this is another step toward dispossessing Canadian citizens. Most of our manufacturers are already faced with serious financial difficulties and cannot absorb this new tax. Therefore, they will have to recuperate it, which means that they will have to change their price lists. How much will this cost? Every wholesaler and retailer will also have to put out new price lists and the cost of this operation will be borne by the consumers, rich or poor.

The minister can take pride in the fact that he warned the taxpayers, saying: "True, you will pay more, but this is for our many senior citizens."

What would we not do for our aging parents under normal circumstances? Sure, we will pay for our senior citizens, but at this point I would like to tell the minister we also know of another class of Canadians who cost us much more. I am referring here to the minister's friends, those who control money and credit. We, members of this house, know that the pension fund is well provided for and that a further tax was not urgent. But if we take a look at the estimates of the last four years, we note that there is a priority for the debt interest.

In my opinion, the increase of that interest is the first reason for the introduction of the bill before us.

I take the liberty, once again, to quote extracts of previous estimates.

The debt interest for 1963-64 amounted to $881 million. It was $1,035 million in 1964-65. In 1965-66, it amounted to $1,100 million and in 1966-67, to $1,185,488,000.

When the estimates for the Centennial year 1967-68 will be known, all Canadians will

agree, I think, that the team now facing us and ably lead by the Minister of Finance will be champion, because in 1963, despite all their efforts, the former teams had succeeded in squeezing only $880 million for their financier friends.

But 1967-68 will bring about $1,300 million to these great treasurers. If it cost only $1,185 million last year, the reason is that we had loans which had been made under good conditions, that is loans the interest of which was costing us only 3¼, 3½ and 3¾ per cent.

But during the past year the government had to borrow again at less favourable conditions and, automatically, expenditures will reach $1,300 million, without causing great concern. It has taken only five years for the government party to increase its friends' share by $400 million a year.

In the last five years of the first century, the servicing of the debt will cost 50 per cent more than for the first 95 years.

This 50 per cent increase over such a short period deserves a special reference, and such reference is to be found in the speech from the throne delivered at the opening of this session, on January 18, 1966, as reported on page 8 of *Hansard*:

> —Our country is enjoying an unprecedented period of prosperity and growth—
> —My Government intends to pursue policies to ensure that our prosperity and growth continue.

True, the financiers are getting more and more prosperous but Canadians have never paid so many taxes.

Fellow Canadians, tighten your belts. That is the advice of the financiers speaking through the government now in power. Tighten your belts and we will be in a better position to empty your pockets.

In this world there are all kinds of ways to be stupid. In India, for instance, people starve to death in their homes before they will touch or kill a cow chewing up the garden. Custom demands it. For an Indian to eat the meat of a cow is to insult his God. Here in Canada, 70 per cent of the population is deprived of the necessities through the stupidity of the few.

In India, people are second to the cows. In Canada, the Minister of Finance goes beyond our own institution, that is, he goes beyond the Bank of Canada to conduct business with his friends, which is more expensive.

The minister knows that the country can be financed through the Bank of Canada at an administrative cost as low as ½ or ¾ of 1 per cent. But how would his gods, that is those who have financed his election campaign react? What would those who spent $32,000 to have him elected in his riding say? He must follow their instructions. However, in doing so, the minister is extracting $1 billion per year from the Canadian people in additional taxes.

One billion a year for a few financiers; that is more than the total amount to be given to millions of pensioners. It means that the amount of their pension could be doubled with that billion. As a matter of fact, one billion a year, over and above what is collected now for all our needs, would be enough to raise the old age pension to $200 a month. One billion a year is twice the amount received by parents in family allowances.

Mr. Speaker, I hope the Minister of Finance will, while he can, put an end to this shameful looting. Otherwise, the people of Canada will have no other alternative but to believe that the title of "honourable" before the title of "minister" is no longer fitting and that the letters added to his name should never have been given to him in the first place.

Mr. Guay: That is horrible.

[*English*]

The house divided on the amendment (Mr. Knowles) which was negatived on the following division:

• (5:00 p.m.)

YEAS

Messrs:

Allard	Herridge
Ballard	Horner (The Battlefords)
Barnett	Howe (Hamilton South)
Bell (Carleton)	Howe (Wellington-Huron
Bigg	Irvine
Brand	Johnston
Cadieu (Meadow Lake)	Jorgenson
Chatterton	Keays
Churchill	Kennedy
Clancy	Kindt
Code	Knowles
Crouse	Korchinski
Danforth	Langlois (Mégantic)
Diefenbaker	Latulippe
Dinsdale	Lewis
Douglas	Loney
Fane	MacDonald (Prince)
Fawcett	MacEwan
Flemming	MacInnis
Forbes	(Cape Breton South)
Forrestall	MacInnis (Mrs.)
Gauthier	(Vancouver-Kingsway)
Gilbert	MacLean (Queens)
Godin	Macquarrie
Grégoire	MacRae
Hales	McCutcheon
Harkness	McIntosh

McLelland
McQuaid
Martin (Timmins)
Mather
Moore
Muir (Lisgar)
Noble
Nowlan
Nugent
Orlikow
Ormiston
Pascoe
Patterson
Peters
Prittie
Pugh
Rapp
Ricard
Saltsman
Schreyer
Scott (Victoria (Ont.))
Sherman
Simard
Skoreyko
Smallwood
Southam
Starr
Thompson
Watson (Assiniboia)
Webb
Winch
Winkler
Woolliams—85.

NAYS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Benson
Berger
Boulanger
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Chatwood
Choquette
Chrétien
Clermont
Comtois
Côté (Dorchester)
Côté (Longueuil)
Crossman
Deachman
Drury
Dubé
Émard
Éthier
Faulkner
Forest
Foy
Gendron
Gray
Greene
Groos
Guay
Habel
Hellyer
Honey
Hopkins
Hymmen
Isabelle
Jamieson
Lachance
Laflamme
Laing
LaMarsh (Miss)
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Leboe
Lefebvre
Legault
Lessard
Loiselle
Macaluso
Macdonald (Rosedale)
MacEachen
Mackasey
McIlraith
McNulty
McWilliam
Marchand
Martin (Essex East)
Matte
Mongrain
Morison
Neveu
Nixon
Otto
Pearson
Pelletier
Pennell
Pepin
Pilon
Reid
Richard
Rinfret
Robichaud
Rochon
Rock
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan—97.

• (5:30 p.m.)

Mr. Speaker: I declare the amendment lost.

Division

Mr. Brown: Mr. Speaker, I was paired. Had I voted I would have voted against the amendment.

Mr. Fulton: Mr. Speaker, I was paired. Had I voted I would have voted for the amendment.

Mr. McLean (Charlotte): Mr. Speaker, I was paired. Had I voted I would have voted against the amendment.

The house divided on the main motion (Mr. Sharp) which was agreed to on the following division:

YEAS

Messrs:

Allmand
Andras
Asselin (Richmond-Wolf)
Badanai
Basford
Batten
Benson
Berger
Boulanger
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Chatwood
Choquette
Chrétien
Clermont
Comtois
Côté (Dorchester)
Côté (Longueuil)
Crossman
Deachman
Drury
Dubé
Émard
Éthier
Faulkner
Forest
Foy
Gendron
Gray
Greene
Groos
Guay
Habel
Hellyer
Honey
Hopkins
Hymmen
Isabelle
Jamieson
Lachance
Laflamme
Laing
LaMarsh (Miss)
Langlois (Chicoutimi)
Langlois (Mégantic)
Laniel
Laverdière
Leblanc (Laurier)
LeBlanc (Rimouski)
Leboe
Lefebvre
Legault
Lessard
Loiselle
Macaluso
Macdonald (Rosedale)
MacEachen
Mackasey
McIlraith
McNulty
McWilliam
Marchand
Matte
Mongrain
Morison
Neveu
Nixon
Otto
Pelletier
Pennell
Pepin
Pilon
Reid
Richard
Rinfret
Robichaud
Rochon
Rock
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Tolmie
Tremblay
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan—96.

Division

NAYS

Messrs:

Allard	MacEwan
Ballard	MacInnis (Cape Breton South)
Barnett	MacInnis (Mrs.) (Vancouver-Kingsway)
Bell (Carleton)	MacLean (Queens)
Bigg	MacRae
Brand	McCutcheon
Cadieu (Meadow Lake)	McIntosh
Chatterton	McLelland
Churchill	McQuaid
Clancy	Martin (Timmins)
Code	Mather
Crouse	Moore
Danforth	Muir (Lisgar)
Diefenbaker	Noble
Dinsdale	Nowlan
Douglas	Nugent
Fane	Orlikow
Fawcett	Ormiston
Flemming	Pascoe
Forbes	Patterson
Forrestall	Peters
Gauthier	Pugh
Gilbert	Rapp
Godin	Ricard
Grégoire	Saltsman
Hales	Schreyer
Harkness	Scott (Victoria (Ont.)
Herridge	Sherman
Horner (The Battlefords)	Simard
Howe (Hamilton South)	Skoreyko
Howe (Wellington-Huron	Smallwood
Johnston	Southam
Jorgenson	Starr
Keays	Thompson
Kennedy	Watson (Assiniboia)
Kindt	Webb
Knowles	Winch
Korchinski	Winkler
Latulippe	Woolliams—81.
Lewis	
Loney	
MacDonald (Prince)	

Mr. Brown: Mr. Speaker, I was paired. Had I voted I would have voted for the motion.

Mr. Fulton: Mr. Speaker, I was paired. Had I voted I would have voted against the motion.

Mr. Macquarrie: Mr. Speaker, I was paired with the hon. member for Essex East. Had I voted I would have voted against the motion.

Mr. McLean (Charlotte): Mr. Speaker, I was paired. Had I voted I would have voted for the motion.

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

On clause 1—

Mr. Saltsman: Mr. Chairman, I was very interested in the remarks of the Minister of Finance this afternoon. I was rather impressed by the sweet reasonableness of his approach in examining the proposals of the

New Democratic Party. He seemed to indicate that he agreed in principle with many of our objectives and that he and other members of his party were in favour of increasing foreign aid and believe in research, education and the need to make university education available to those who could benefit, and medicare, but that it was with profound regret he had to step in and tell the government that his judgment indicated that the government could not afford these things. He also expressed his deep sympathy that the aspirations of the older people of this country who need increased pensions could not be met.

The minister mentioned an estimated cost of $900 million in respect of these programs. It is not my intention to quarrel with that figure because it is not particularly important now. No one questions the fact that these programs would require substantial expenditures. No one will argue that these programs could be carried out without incurring expenditures. However, the minister seems to ignore a number of aspects involved in this kind of situation. He seems to ignore the fact that many of these programs can be considered as investments in Canada's future. When people spend to increase the potential and the productivity of the nation the whole situation takes on a different light. One cannot believe that these programs involve merely an outflow without any return. There has been evidence in respect of foreign aid that frequently the aid giving nation over a period of time obtains very substantial benefits in increased trade, good will and access to markets. Research and investment are important to a nation attempting to achieve growth.

• (5:50 p.m.)

If we consider the remarks of the Economic Council pointing out the lower level of expenditure on education in Canada and the lower attainment of education at the post-secondary level, we have to question whether we can really defer programs of this kind on the argument that we cannot afford them. It seems to many of us that the one thing we cannot afford to do is to ignore the important aspects of these expenditures vis-à-vis the long-run future of the country.

The minister, as I said, was being reasonable in his approach. He was almost professorial, indicating that he had considerable regret in coming before the house and pointing out that the money just was not there for these purposes and therefore we had to accept the proposition he was putting forward. The difficulty in accepting what the minister says

in this regard is that he gave us no indication that there are other ways of increasing government revenues without necessarily increasing tax rates.

We all know there is a limit on the amount of taxation people are prepared to accept. But there is an important way of increasing government revenues that the minister has not touched upon that is, the outstanding requirement in this country to increase our level of productivity and the wealth base from which the costs of the social service, scientific and foreign aid programs can be met. We have had a rather dismal record in this country in terms of increasing our productivity. If we refer to a table on page 16 of the third annual review of the Economic Council of Canada which shows the growth of productivity from 1955 to 1965, we see that Canada is 14th in the list of industrialized nations. We have had one of the lowest rates of productivity increase of almost any of the industrialized countries of the world. When we look at these figures and recognize that many of these countries which have a much higher productivity growth rate than Canada spend considerably more than this country in the fields of social welfare, research and foreign aid, we realize that for the minister to come before this house and say "I would love to do all these things but we simply cannot afford it" is to beg the question completely.

Surely the real problem facing the minister is to see that his government brings in programs that will enable this nation to fulfil its obligations and find its proper place in the sun, instead of wringing his hands at the prospect of programs which even he admits are desirable but says we cannot afford. Canada, according to the Economic Council and according to almost any observer who has looked at our economy, is potentially the wealthiest nation in the world. We have in this country almost everything that any nation could hope to have if it is looking for wealth. I think there is general agreement about that. Despite the enormous potentiality in this country our productivity is approximately 25 per cent lower than that of other industrialized nations. The figures vary between 20 per cent and 30 per cent. We have to ask ourselves the question: Why should this be? If we talk about capital investment in this country and say that we urgently need tremendous quantities of capital in order to improve our productivity, this is very true.

Mr. Sharp: Mr. Chairman, may I ask the hon. gentleman a question? Does he not agree that the rate of capital formation in Canada is higher, I think, than anywhere else in the world?

Mr. Saltsman: Yes. I was coming to that, Mr. Chairman. I believe the Economic Council points out that on a per capita basis more capital is invested per Canadian worker than is the case even in the United States. We have the highest capital investment per employee of any nation in the world. But we still have the problem of an approximately 25 per cent lower productivity than other industrialized nations. This is really the major question to which the Minister of Finance must address himself. He has to come up with an answer to this problem. The minister may argue that it is a long-range problem, that we will not increase productivity as a result of one budget, whether it be a mini-budget or a major budget, and I would agree with him to a point. But after all, the party that the minister represents has been in office in this country for a long time. There has been some interruption in its term of office over several years but by and large it has been in power as long as I can remember. Yet today we are faced with a budget that deplores the fact that the government does not have the funds for the kind of things that almost all of us agree are necessary for this country. Why is this? Why should the minister have to come before us with apologies and excuses, not arguing against programs but saying that his government with its policies has not been able to find an answer to the needs of the Canadian people?

To rub salt into the wound or to add insult to injury, instead of apologizing for this failure to bring our nation to the level of its potentiality, he turns on the party for which I have the honour to speak and says, "You fellows are asking for all kinds of things that are not possible." That is only one side of the equation. Certainly we have asked for a great many things, and we do not underestimate their cost. But we have time and time again pointed out to the government that unless there is a stronger degree of government involvement in the economy, unless the government takes a look at our capital expenditures to ensure that we get the maximum use out of our resources, unless we develop manpower policies to get the best use of human resources, we will never find the money to meet the objectives about which we agree.

May I call it six o'clock, Mr. Chairman.

Private Bills

The Chairman: Order. It being six o'clock, pursuant to provisional standing order 15 and in order that the house may proceed to the consideration of private members' business I do now leave the chair.

• (6:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Hamilton South (Mr. Howe), research—request for increased grants for medical research; the hon. member for Sherbrooke (Mr. Allard), External Affairs —exchanges between Canada and France; the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp), Agriculture—eggs—reported recent drop in prices.

PRIVATE BILLS

THE BELL TELEPHONE COMPANY OF CANADA

Mr. Russell C. Honey (Durham) moved the second reading of Bill No. C-239, respecting the Bell Telephone Company of Canada.

He said: Mr. Speaker, I shall speak briefly and deal in broad terms with the provisions of this bill. I am hopeful hon. members will feel at the conclusion of this hour that the bill be given second reading, after which it will be referred to the standing committee on transport and communications. I would be surprised if hon. members did not wish to deal in more detail with certain portions of the bill and to hear the officials of the Bell Telephone Company and other witnesses. I hope hon. members will agree with me that this can be done best in the committee on transport and communications.

In moving second reading of the bill I might mention that its objectives may be classified under four separate heads: First, an amendment affecting the corporate name of the company; second, amendments affecting the capital structure of the company; third, an updating of the corporate powers and, fourth and last, procedural and mechanical amendments.

Over the years the company has become known as Bell Canada. In February, 1956 it obtained permission to use Bell Canada as a trade name. Bell Canada has been used extensively in advertising and other material.

The second group of amendments deals with the capital structure of the company. The company's original act of incorporation dates back to 1880. Over the years, as and when new capital was required, the company applied for increased capital authorizations, and this is a further application before parliament at this time.

During the last decade the Bell Telephone Company of Canada has embarked on a construction program which has required the investment of substantial amounts of both equity and debt money. According to the company's estimate the authorized capital will be virtually exhausted by 1968. If this were to happen before the company receives additional authority to increase its capital, a slow down of the construction program would immediately occur with an instant impact on the Canadian economy. It must be borne in mind that the company currently spends $300 million a year on its construction program which is designed to meet growth and to give its customers improved services such as automatic dialing and so on.

If service is to be maintained, the company needs the authority to issue additional stock. At present 40 million shares of a par value of $25 each have been authorized. Over 34 million shares, of which 94.6 per cent are held in Canada, have already been issued and the employees of the company subscribe from year to year more than $22 million a year.

The increase of $750 million for which approval is now being sought is consistent with the pattern which has developed over the last decade. The company comes before parliament every 9 or 10 years to obtain additional capital authorizations. According to present forecasts the sum of $750 million sought at this time should last approximately ten years.

The company also seeks an amendment to have the power to issue preferred stock whenever conditions warrant such a decision. At present the financing of the company is done exclusively by means of common shares and bonds. There are periods when market conditions could make the issue of preferred stock less burdensome upon the subscribers. In order to have more flexibility and thereby finance the company at reduced cost the company requests an amendment authorizing it to issue preferred shares as and when it might be advantageous for the company to do so. The creation and issue of preferred stock would be subject to the procedure outlined in clause 3 of the bill, which is similar in terms to previous authorizations given by this house to

other corporations incorporated by special act.

The company further requests an amendment to its charter allowing it to issue its capital stock without the approval of the Board of Transport Commissioners for Canada. I might mention that any issue of the capital stock of the company is presently subject to the approval of the Board of Transport Commissioners. The board allowed until May, 1966 a permissive level of earnings in terms of dollars per share. In May, 1966 the board changed the basis of the regulation and stated that rates generating a rate of return not exceeding 6.6 per cent on the total invested capital were just and reasonable.

The third group of amendments deals with the updating of the corporate powers of the company. It was recognized by this house when it amended the Criminal Code that the expression "telephone communications" was much too narrow to describe adequately the field of communications. Everyone is now referring to telecommunications, which is a broader term than telephone communications. This is the purpose of clause 7 of the bill.

The company has the corporate power to own, maintain and operate a telephone company and to manufacture electrical equipment. It also has the power to invest in any company possessing as proprietor any line of telephonic or telegraphic communications or in any company possessing the power or right to use communications by means of the telephone. These powers are specified in clauses 2 and 4 of the incorporating statute as amended.

Section 14 (e) of the Canada Corporation Act gives to letters patent companies the ancillary power to invest in companies having objects in whole or in part similar to those of the company. The purpose of clause 8 of the bill is to give Bell Canada similar powers. Clause 8 also seeks to authorize Bell Canada to invest in companies engaged in research and development work. The need for Canadian research is important to our economic progress.

The company also wishes to introduce two social measures to help its employees. Permission to lend money to employees who are in financial difficulties, even if they are shareholders of the company, is requested under clause 12 of the bill. Clause 13 seeks authority to establish a housing plan to assist employees who are transferred in the course of their employment from one area to another.

The other provisions of the bill are procedural or mechanical in character and can be considered as housekeeping matters. I have in mind the clarification of the power of the company to sell shares for cash and to its shareholders, clause 5, the clarification of the number of authorities to be given by the shareholders for borrowing money, clause 6, or other matters dealing with indemnification given to the directors in suits respecting execution of office, clause 10. The record date for meetings, dealt with in clause 15, also falls in this category of housekeeping provisions.

The company also requests authority to create an executive committee to deal with matters delegated to it by the board of directors. In view of the size of the board of directors and the importance of the matters to be transacted at board meetings, the formation of an executive committee with executive powers becomes more and more important for the smooth operation of the business.

• (6:10 p.m.)

That is all the time I want to take, Mr. Speaker, because I want to give ample time to representatives of the other groups. May I reiterate that I hope we may give the bill second reading today so that we may deal with it in detail in the standing committee.

Mr. David Lewis (York South): Mr. Speaker, as the brief summary of the bill's provisions given by the hon. member for Durham (Mr. Honey) indicated, the bill before the house, even though it is a private member's bill, is in our opinion an extremely important one and should not be passed without very thorough study by the appropriate committee. Indeed, as far as we are concerned we could not possibly support the bill in its present form.

What this bill does, if I may summarize it in my own way, is to seek to extend the field of the Bell Telephone Company almost without limit into the entire area of telecommunications. It seeks to extend its field into the broadcasting area. It seeks to give the Bell Telephone Company powers for very widespread vertical integration by giving it authority to acquire companies without limiting it any longer to those which have or use telephone lines, as was the case formerly. Clause 8 of the bill provides that the company can extend its operations, its purchases and acquisitions very widely, so it is obvious the company can use that power to build an empire of satellite activities, industrial and commercial, almost without limit. Under the bill

the Bell Telephone Company seeks to get away in part from the regulations to which it is now subject under the Board of Transport Commissioners. Its rates would still be subject to regulation but the issuance of shares would no longer be subject to any investigation or inquiry by the board. The bill seeks to increase the capitalization of the company from $1 billion to $1¾ billion, which would give it a tremendous base for financial development of a huge size.

Before we do that, Mr. Speaker, we ought to know a great many things about the intentions of the company. I am sure we ought to investigate rather carefully how the company has so far used the powers it has had. If any company has enjoyed a monopoly in its services, this company has. It has almost a complete monopoly in Canada or in the major parts of this country.

The company has had tremendous earnings, Mr. Speaker, and I think some information in this regard ought to be put on the record to show what the company has enjoyed as a result of the incorporation it received in 1880 and the various amendments which have been made since. Since the end of the last war the operating revenues of the company increased from $77 million in 1946 to about $593 million in 1965. The 1965 report of the company, which I have before me, gives the first nine months of 1966 and if you project those nine months to a full 12 month period the gross operating revenue of the company amounted to $638 million last year. The operating revenues, therefore, have increased nine times in the 20 years from 1946 to 1966.

So far as net income is concerned, it was $8 million in 1946 and increased to $86½ million in 1965. A projection on the same basis I have mentioned indicates that the net income for 1966 probably was around $88 million or an increase of 11 times in 20 years.

It is interesting in these statistics to note the effect of automation and how these huge increases in operating revenues and net earnings took place in relation to the work force. I have the figures only from 1959 on in the report which, as I have said before, is in front of me. From 1959 to 1965 operating revenues increased by 57½ per cent and net income increased by over 71 per cent. The work force, however, increased by only 3 per cent in those seven years. An increase of 3 per cent in the number of employees enabled the company to increase its operating revenues by 57½ per cent and its net income by over 71 per cent.

[Mr. Lewis.]

We ought to make a careful study to see what the company has done for the people of Canada to deserve this tremendous growth in revenues and profits. How has it treated its Canadian subscribers? According to some of the evidence given before the Board of Transport Commissioners—I cannot say whether the evidence is accurate but so far as I have been able to find out it has not been contradicted—the company has increased rates over the years to Canadian subscribers by making earnings which for a number of years exceeded the level of earnings the Board of Transport Commissioners permitted. During those years when the permissive level of earnings was based on so many dollars on a certain value of shares. For years, therefore, the company, so far as I have been able to find out, deliberately violated the instructions given by the body set up by this parliament with authority to give those orders, and the company increased the rates to subscribers in order to help it violate those instructions. We ought to know about that. We ought to know whether the consumers of telephone services in Canada have been treated shabbily by this company before we give it these extra powers.

As a result of my study of this material, Mr. Speaker, I would say the company has not taken the national interest into account or the interest of the subscribers to its service. We ought to know, exactly what is the relationship of this company to its subsidiaries. This report tells me there are 16 subsidiaries of the Bell Telephone Company, some of them wholly owned and some of them subsidiaries of subsidiaries. When I see that I am concerned about the additional powers the company wants under clause 8 of the bill which would enable it to go still further afield.

We have the usual consolidated statements, the usual refusal of the parent company to give information, even to the Board of Transport Commissioners, about the precise relationship between Northern Electric and the Bell Telephone Company. There are the usual suspicions, usually well grounded, that the Northern Electric Company sells its products to the parent company at a price which is unnecessarily high for intercompany reasons that have nothing to do with the national interest. There is the usual secrecy about precisely what Northern Electric is doing, how much it is making, and a lot of other relevant information is also denied us.

• (6:20 p.m.)

I was interested to find that this matter has concerned governments over the years, Mr.

Speaker, and I should like to put on record, because I think it is both relevant and illuminating, an extract taken from a brief which was presented to the Board of Transport Commissioners in 1926, when the Bell Company asked for a rate increase, by the Conservative government of Premier Ferguson of the province of Ontario. This is what the brief says in part:

> Reference in this connection might also be made to the covering up and the scurrying-to-cover tactics in connection with the disclosure of all relations and dealings of the Bell Telephone Company of Canada and its subsidiary the Northern Electric Manufacturing Company—

As it was then called.

> —which latter company is merely the directors of the Bell Telephone Company of Canada, and the Bell Telephone Company itself manufacturing apparatus and selling it to themselves under another name at high monopoly prices, fixed and agreed upon between each company and its directors thereby making it possible to empty the Bell treasury and create a deficit when a rate case is coming, or at any time it sees fit to do so.

That is the statement that was made by the government of Ontario in 1926. I cannot say whether that statement would still apply in its entirety, but I have no hesitation in expressing the opinion, based on some years of trying to understand operations of this sort, that the prices which the Northern Electric Company charges Bell do not necessarily have any relationship to the market price or cost of the products allegedly sold to Bell. Indeed, they have a relationship to the financial arrangements between these two companies and the eventual financial statement of the Bell Telephone Company itself.

The Ferguson government brief to which I have just referred contains a statement couched in stronger language than I would use but which is perhaps perfectly legitimate language. It stated:

> This is the most barefaced piece of villainy and imposition ever attempted upon a free people ... and its exposure before this honourable board will not be the last this corporate monopoly will hear about it.

I do not want it to be the last, Mr. Speaker. I think that all these matters should be carefully inquired into by the appropriate committee of this house. I want to know what is the exact effect of the relationship between Bell and the American Telephone and Telegraph Company. I know that the Bell Company boasts of the fact that 94 per cent of its shares, or some such percentage, are owned in Canada by some 240,000 shareholders. I think that is the number published in their report and prospectus. If they say so then I have no doubt that their share books will show it. But there has been more than one occasion in our kind of economy when a company which has owned as A.T.&T. does, 2.2 per cent of shares has been in a position to exercise control.

I should like to know, and I am sure the house would, to what extent Bell is at the service of A.T.&T. I want to know whether the service contract between Bell and the American Company, which enables Bell to use certain of A.T.&T. developments in Canada but gives the American company the top 1 per cent of the earnings of Bell amounting to many millions of dollars each year, is a fair arrangement for the people of Canada and the users of the Bell Telephone services.

All of these matters which concern the national interest ought to be gone into by the committee with the greatest possible care. We should be satisfied that Bell is prepared to undertake to make its operations consonant with the national interest before this tremendous extension of power and financial base is given to the company by this parliament.

As a result of its incorporation almost 90 years ago the Bell Telephone Company is able to use and enjoy a natural monopoly, as I have said, over the major part of this country. Even now, if I may say so, in my view as a lawyer it has exceeded the powers given it in 1880 and in every amendment I have seen to its initial act of incorporation. It has carried on activities which are beyond the powers it has had until now. In my opinion it has not had the power under its act of incorporation and the amendments to that act to go into the field of telecommunications, a field it has entered without the authority that it ought to have sought from this parliament.

To a large extent, Mr. Speaker, this bill is now asking parliament to rubberstamp and to give the company authority to carry on activities which it has to date carried on without such authority. This is one of the reasons that it no longer wants to go to the Board of Transport Commissioners over the question of issuing shares. It wants to have more and more freedom. This parliament, and I suggest the people of Canada as well, must be assured that that freedom will be used to the benefit of this country, not merely to increase the net income and earnings of this company.

As a matter of fact, Mr. Speaker, I was struck by words used in one of the clauses of this bill. I am not going to refer to the actual provision as such but merely to the phrase which caught my attention. In clause 7 of the

bill certain things are proposed, namely, the extension of the activities of this company in the entire field of telecommunications. At the end of the clause it is stated that things may be done which in the opinion of the board of directors are "deemed to be in the interest of the company".

I am not concerned, Mr. Speaker, about the interest of this company. I want to make sure, and this parliament ought to make sure, that the extension of this company's activities into the various aspects of telecommunications is in the interest of Canada, not merely in the interest of Bell. Under this bill the board of directors is empowered to take steps to make extensions which they deem to be in the interest of Bell. The things Bell has done up to now have been in its own interest and frequently against the interest of the Canadian people, and it is time the situation was reversed.

This company seeks power to extend its monopoly into various fields. I submit we cannot approve this kind of extension of monopolistic power on the part of such a giant without certain safeguards, Mr. Speaker, and I will mention only a few.

It is our firm belief and conviction that a company like Bell, performing the kind of service it performs, ought to have on its board of directors public representatives appointed by parliament or the government. They should be members of the board who represent the public and are prohibited from having any financial interest in the company or in any of its subsidiaries. This will ensure that on the board of directors of the Bell Telephone Company there are men and women who represent the people of Canada and who have no personal interest in the financial and earnings arrangements of the company or its subsidiaries.

• (6:30 p.m.)

We ought to have a guarantee in this act that Bell will not enter the field of broadcasting, even though it may have facilities that may be used for broadcasting. We now have the Canadian Broadcasting Corporation, private television, radio stations and networks; we do not want a giant like Bell to enter that field as well and start new difficulties and new conflicts in this country. We should have provision in the act incorporating this company for Bell to disclose in detail the operations and earnings of all its subsidiaries. Let us have no more of these unrevealing, consolidated statements that hide everything which should be known by parliament and the people of Canada. We ought to have a provision to give us all the information about Northern Electric and all the other companies that Bell now owns, or is likely to acquire under the proposed clause 8 of the bill. We should have a guarantee from Bell respecting the added capitalization it seeks, that any research work it will do will be research work done in Canada, that the powers we give the company may be used for the development of technological research and know-how for the service of the Canadian people.

We ought to be sure that it will not use that money to buy the results of research elsewhere by making another service contract with American Telephone & Telegraph, or some other company in the United States, Britain, or elsewhere in the world. When it boasts about its intention to do research work, we ought to be certain that that research work will be done in this country, and that the results of the work are available to this country. We ought to have many other, similar safeguards before this already too big giant is made bigger still.

Mr. Deputy Speaker: Order, please. I must interrupt the hon. member to advise him the time allotted to him has expired.

An hon. Member: Go on.

Mr. Lewis: Could I have a final minute to complete my remarks.

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

An hon. Member: For one minute.

Mr. Lewis: I merely want to conclude by saying that the only reason we in this party agree that the matter go to the appropriate committee is that we want an opportunity to study these things, to make sure that there are public hearings, evidence and submissions by representatives of subscribers competitors, provincial governments and municipal governments, so that we may delve into the way the company has used its power to date and into its intentions for the future.

One minute it was.

An hon. Member: Half a minute.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, my contribution will be brief, particularly as I follow the hon. member for York South, (Mr. Lewis) who again has shown his eloquence as a debater. He is thorough when tackling any subject. I agree with the hon. member

that this bill is too wide in scope to be passed without first being referred to an appropriate committee of the House of Commons. I have little to argue with in the hon. member's remarks.

An hon. Member: That is a change.

Mr. Mackasey: I do not argue with his appraisal of the problem. He was fair. He did not make unsubstantiated charges but posed many pertinent questions to which he felt the House of Commons and the Canadian people should know the answers. Nobody in the house who is the least bit objective can argue that Canada and Canadians, through the medium of parliament, should not be fully protected, and should not have the right to know the answers to many of the questions asked by the hon. member for York South.

When the matter comes before the committee I think the hon. member will be pleased to know that, in all probability, many of the questions he has asked today are already on public record. The answers to many other questions will do much to allay his fears about giant corporations.

My philosophy about corporations is different from that of the hon. member; but, we respect each other's views on this matter. I am particularly concerned about and interested in the relationship between Northern Electric and other subsidiaries. I was surprised to learn from the hon. member's speech—and I know this must be accurate or he would not have said it—that Bell has financial interests in 15 or 16 subsidiaries.

Mr. Lewis: Sixteen.

Mr. Mackasey: I hope that Bell treats all its subsidiaries with the same consideration and respect it shows to Northern Electric and its employees. If Bell's relationship with its many subsidiaries is as fruitful, objective and fair as its relationship with Northern Electric, or at least with the employees of Northern Electric, I shall be pleased. If this information is brought out in committee, then the suggestion of the hon. member to refer this to a committee will have been valuable.

It might be good to know that the request in the bill that Bell be permitted to lend money to its employees and to help in the field of housing is not a new departure for that company. It has had similar relations with its employees, and the committee might be glad to know that.

I do not intend to answer the hon. member's questions because I do not know the answers. I know that the questions were asked in a spirit of objectivity. I know that the development of Northern Electric came about through a need. Companies such as Bell Telephone, which operate as a monopoly but which are regulated by government boards, such as the Department of Transport and other boards, do not justify their existence for any reason except that they are in business to make money. In a free enterprise system this is a logical reason for any company, big or small, to be in business. Bell's rate of profit is regulated to protect the Canadian people, because the company has a monopolistic position. Northern Electric was created essentially to fulfil a need, to make available to the Bell Telephone Company from sources within Canada parts, pieces, components and know-how that could not be obtained here when Northern Electric was formed. This may not be the situation today. It is conceivable, had Bell Telephone been formed today, that with our increased population, more developed economy and increased technological knowledge it would not have been necessary to form this close alliance with a company such as Northern Electric.

The hon. member mentioned research. When this matter is aired in committee I know that we shall be pleased to find that as the result of research in Canada and inventions coming from that research, the Bell Telephone Company and Northern Electric account for a very substantial export business, when measured in dollars and cents.

• (6:40 p.m.)

As the hon. member for York South mentioned, the shares of Bell Telephone are widely dispersed. It is good to think we have a corporation in Canada 94 per cent of whose shares are owned by Canadians and in the hands of 240,000 Canadians, among an investing population probably no greater than half a million. To me, this indicates the high regard felt by the people of Canada for Bell Telephone. Of course most members of parliament, including myself, gripe occasionally at the service they receive, and get letters from constituents occasionally raising particular problems; but in general I believe the relationship between this country and the Bell Telephone Company is a good one.

As was pointed out during the course of a similar discussion last year, if the Bell

Telephone Company were ever to be nationalized—and I do not think anyone in the house would suggest such a thing—it is highly doubtful whether the Canadian people would be half as well served as they are today under this private enterprise system of ours. I invite hon. members to compare the record of the company from this point of view—remembering that it shows a profit ratio of 6.6 per cent—with that of the Canadian Broadcasting Corporation or any other Crown corporation.

I am as anxious as is the hon. member for York South to see this matter referred to the appropriate committee so that these questions can be cleared up once and for all. If I am a member of that committee—and I want to make this clear—I will take a dim view of any action which would in any way adversely affect Northern Electric and the employees of that company. I say this regardless of whether its relationship to the Bell Telephone Company is improper in the eyes of some people. I must admit my bias. Living close to Northern Electric I am fully aware of the contribution the company has made to the social and economic development of my city and of the area directly concerned. The relationship of the company with its employees has been laudable and one which other corporations might well seek to emulate. Participation by the company in the social activities of the community has been most beneficial. Its willingness to take part in the activities of the 19 communities on Montreal Island, and I am sure, in other regions, has always been evident; the company has acted unselfishly and with the minimum of publicity for the good of the community. As far as I am concerned, Northern Electric have been good corporate citizens.

I would urge the house to take advantage of the remaining few moments by recommending that the bill be sent to the appropriate committee, so that we can seek out answers to many of the questions which were so objectively and eloquently asked by the hon. member for York South.

Mr. L. M. Brand (Saskatoon): When I look at the bill before us I find myself concerned by the reference in some of its clauses to telecommunications. Some hon. members have already drawn attention to the implications of the changes proposed. It appears to me that on the basis of these provisions the company can now go into broadcasting. This is an aspect which should be examined by the committee on broadcasting.

[Mr. Mackasey.]

The bill speaks of the power to transmit, which includes the emission or reception of signs, signals, writing, images, sounds, and so on, whether visual or auditory. This does seem perilously close to transmissions of the sort we have already heard about in the broadcasting committee—community antenna television and educational television, for example. Since, in the near future educational television and community antenna television may be brought under the Broadcasting Act, I am inclined to support those hon. members who advocate a close look at clauses 7 and 8 to see exactly what their implications are.

When dealing with this field of telecommunications we must not forget that a network of telecommunications belonging to the Canadian National already exists in this country. I will leave the implications of monopoly to be discussed by others; some hon. members have already spoken very well on this subject. Generally, I would support the observations the hon. member for Verdun (Mr. Mackasey) has made in connection with Northern Electric, but I would point out that if the bill before us allows a virtual monopoly in the field of coaxial cables, other firms who produce coaxial cables in this country, such as Industrial Wire and Cable, will find great difficulty in breaking into the market now that a wholly owned subsidiary is able to supply all the needs of this large corporation.

In closing, I return to this question of transmission lines. I would remind hon. members that in Britain transmission lines and microwave systems used by the B.B.C. are publicly owned; it is only those operated by private stations which are owned by I.T.V. the private organization. We should look closely at anything which might place one company in control of educational television, or even for that matter of community antenna television systems.

• (6:50 p.m.)

Mr. Frank Howard (Skeena): Mr. Speaker, I regret that I do not see the parliamentary, secretary to the Minister of Labour (Mr. Mackasey) here at the moment, because I should like to make a comment or two about his speech and I should like to do so in his presence. Not having any control over the parliamentary secretary to the Minister of Labour, however, I expect I will have to go ahead in his absence. I listened with a great deal of interest to what he had to say about the bill. I should like to commend him, inasmuch as he was speaking from a position of semi-government, for his endorsation of the views expressed by the hon. member for

York South (Mr. Lewis). It is gratifying to have a man who is half way into the cabinet endorse the concept of public representatives on the board of directors of this particular company. We look forward to having the support of the parliamentary secretary and others of his party for these proposals when the bill is considered in the committee.

I think the parliamentary secretary's tangent-like comment with regard to state ownership, when he compared public ownership of a corporation such as the Bell Telephone Company with the ownership of the C.B.C., is an impossible equation. I am sure he knew it and just tossed it out in order to fill in some space. I do not believe he was really sincere in suggesting that it would be possible to make any such comparison, and thus try to play down the great benefits which can come from ownership of certain utilities.

I was also quite struck by his love affair with the Northern Electric Company. As he said, he is a bit prejudiced and biased in this regard. I should think that would be sufficient to disclose his real interest in the Northern Electric Company. I think, as he said, that he threw this in because of his own prejudice and I do not believe it in any way detracts from the substance of his remarks at the outset when he endorsed the views of the hon. member for York South, which views were exceptionally well expressed.

After listening to the hon. member for York South, I feel somewhat the way I feel after my wife has finished speaking to me—there is not much left to say. There is a matter here, however, which I think should concern us, and that is the size of the company and the implications it has in respect of our economy, especially the economy in sections of our country in which the Bell Telephone Company operates. We must remember that this company does not operate directly in the four western provinces. At home, in my own province, we have a privately owned corporation, the B.C. Telephone Company. In the other provinces there are publicly owned telephone systems. When one considers that the operations of the Bell Telephone Company are confined to only a section of our economy and a geographical section of Canada, their request for an increase in capitalization to $1\frac{3}{4}$ billion is made even more important. This is especially true when we realize that $1\frac{3}{4}$ billion, being the requested capitalization of Bell Telephone Company, represents just about one quarter of the total budget of the government and the parliament of Canada. When we think in terms of that capitalization being a quarter of the total budget of Canada, and when we remember that Bell Telephone carries on its activities in only a portion of Canada, this carries with it that much more significance and that much more impact and should, I think, lead us more definitely to an understanding that what really exists here, and what has developed since 1880 when I believe the company was first incorporated by a private act, is not only a monopoly but a structure within which private and not public law is involved.

I believe we are giving, and over the years have given, to Bell Telephone Company authority which equals in all respects the authority of the government. This has been done by giving to this company practically the right to initiate its own system of law making, in so far as the bounds of the statutes relating to the Bell Telephone Company permit this. That, coupled with the size of this company and the revolution which has taken place in the telecommunications, electronics, television and other fields, should convince us that a company of this magnitude and with this much power and authority in its grasp ought to have on its board of directors representatives who would protect the interests of the public. This theory and idea was advanced by my friend from Comox-Alberni (Mr. Barnett) and others in this party during an earlier parliament and gained a great deal of support in the house.

For reasons which I do not have to go into at this moment, because it is nearly seven o'clock and I do not wish to impede the progress of the bill at this stage, it was felt at that time that it was desirable to withdraw the proposal for including public representatives on the board of directors of Bell Telephone Company. This attitude was adopted partly because there was very little warning. Inasmuch as that warning was given in an earlier parliament I am sure the Bell Telephone Company will not be surprised when they are asked at the time the bill reaches the committee to endorse this proposal, that the government appoint public representatives to the board of directors.

Motion agreed to, bill read the second time and referred to the standing committee on transport and communications.

Mr. Wahn: Mr. Speaker, may I have the indulgence of the house for a moment. The time allotted to private members bills in this session is rapidly expiring. I should like to

suggest that, as in the case of the Bell Telephone Company bill, the other private bills on the order paper be given second reading en bloc and referred to the respective committees where they can be examined. Those bills which have merit could come back to the house and be given third reading before the session expires. The Bell Telephone Company bill has been by unanimous consent permitted to go to the committee. May I suggest that the same consideration be shown the sponsors of the other bills, even though these other companies may be somewhat smaller.

Mr. Speaker: Order, please. I suggest to the hon. member that at this point we should not engage in a procedural debate on the point he has raised. The hour appointed for the consideration of private members business has expired.

Mr. Wahn: It could be done by unanimous consent.

Mr. Speaker: Order, please. The hour appointed for private members business has expired.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

Mr. Deputy Speaker: Order. The house will now resume the business interrupted at six o'clock.

EXCISE TAX ACT AND OLD AGE SECURITY ACT

The house resumed consideration in committee of Bill No. C-268, to amend the Excise Tax Act and the Old Age Security Act—Mr. Sharp—Mr. Batten in the chair.

On clause 1—

• (8:10 p.m.)

Mr. Saltsman: Mr. Chairman, before the hour for private bills intervened I was bringing to the minister's attention the fact that he had not exploited the opportunities offered by the increasing productivity in Canada, to the extent that we on this side of the house feel he should have.

Had such emphasis been placed we would not have received the lecture which was given to us tonight, in which the minister indicated the sums of money that would be required for the kinds of programs which everyone in this country agrees are necessary for the nation. I should like to indicate to the minister that since our productivity is about 25 per cent lower than that of the United States—and there is very little reason for this—an increase in that productivity to bring it up to a level comparable to that in the United States, not only at the federal level but at all levels, would bring in an increase of about $4 billion in taxes, using approximately the same rates, because an increase in our gross national product without changing the level of rates in this country would certainly give us a tremendous increase in tax revenues at all levels—municipal, provincial and federal.

It seems to me that the inflation which we are experiencing in Canada would have provided an excellent opportunity for the minister to have introduced measures for increasing our productivity, measures which under circumstances of unemployment are very difficult to implement but under situations of excess demand could have been carried out. However, he did not take that opportunity to bring in those measures and I think he should be taken to task somewhat for that omission. I hope that in the future when he runs into a similar problem, instead of either slamming down on the brakes he will take a more positive approach, forget about the brake completely and use the accelerator on the supply side of the economy to increase the efficiency of its operation.

At the present time there seems to be a great concern on the government side about the effects of U.S. ownership. I think it is a concern that all of us have. However, I suggest that the government has not really examined this problem in the way they should, that just to express concern about U.S. ownership without examining its effects is to start off on the wrong track. It seems to me that the effect of U.S. ownership and the branch plant economy has been to inhibit our productivity and exaggerate the historic difficulties of a nation one-tenth the size of its neighbour, patterning itself on somebody else's experience. If the United States felt it was a suitable policy for them to impose tariffs, we tended to do the same. If the U.S. passed combines and anti-trust legislation, we tended to ape them and do the same. If the U.S. allowed unlimited advertising expenses and gimmicks, so did we. If capital in the U.S. could do practically as it pleased, we adopted the same position.

Mr. Macdonald (Rosedale): Would the hon. member permit a question? Does he know that the Canadian legislation preceded the Sherman Act by several years?

Mr. Saltsman: I am aware of that, Mr. Chairman, but I suggest that we knew what was going on in the United States and we tended to pattern our experience on the experience in the U.S. Because the United States developed into the most efficient industrial nation in the world, we concluded that all that had to be done was to play tag, adopt the same rules and receive the same rewards. Canada, however, is a different country—and this is something that our governments have not recognized in the past—with distinct problems requiring answers suitable to its own circumstances.

If the U.S. economy could afford 10 firms of a particular size necessary for mass production, it should be obvious that anything more than one of these in Canada would not achieve the possible efficiencies. Even when we acknowledge the need for such giants, our reluctance to supervise monopoly led us to encourage pygmies. The kind of competition that developed behind our tariff walls was a strange fish: It spawned factories which produced almost every range and variety of product that was being produced in the U.S., but in miniature replica. Every major U.S. manufacturer, especially in consumer goods, rushed to put his brand in the Canadian market, ensuring his share of the second most affluent consumers in the world.

To reinforce this pattern came advertising. It ensured that Canadian consumers would be told that they must live exactly like the Americans, accepting all the products and values of American ingenuity. We are on a permanent treadmill, U.S. ownership or not, unless we can change this topsy-like pattern to one of a planned structure.

I suggest that what this country, and what the Minister of Finance in particular, has to do is to take a second look at the Canadian economy and develop a special approach to the problems that we face. This will require considerable ingenuity and courage. This should be his task. We would be much better served if he were to devote his considerable talents toward that purpose, instead of giving us lectures about economy and what we cannot afford. There is a great deal we could afford, provided we had a government that was prepared to plan the economy and to use the influence and authority which it possesses for the benefit of the nation.

The Chairman: Shall clause 1 carry?

Mr. Knowles: On division.

Clause agreed to.

Clause 2 agreed to.

On clause 3.

Mr. Keays: Mr. Chairman, since lumber and building materials are both incorporated in this part of the bill, I wonder what is the justification for a different procedure in imposing sales tax on building materials and on lumber. The sales tax on building materials is applied to the manufacturer's cost and in the case of lumber it is applied to the retailer's price. It seems to me that this part of the bill favours the sale of building materials over the sale of lumber because in the case of fibre board, plywoods, laminated woods and imported woods such as redwoods etc., the tax is imposed on the manufacturer's selling price and not on the retailer's, while in the case of lumber the reverse is true. This seems to me to be discriminatory and I have received some letters to this effect. I wonder whether some clarification could be given with regard to the difference in the imposition of the tax.

Mr. Benson: Mr. Chairman, first of all I should explain that this question does not really arise under the particular clause with which we are dealing.

• (8:20 p.m.)

The section with which we are dealing really implies that the additional tax of 1 per cent will not be applied to the building materials which were exempted prior to June 13, 1963, and the same schedule is being used. The particular problem with regard to lumber goes back a long way, really to the imposition of the sales tax on building materials. The problem with regard to lumber is one my department has been looking at very carefully since the sales tax was imposed on building materials in 1963. At first we had a great many problems with respect to the lumber industry. However, my department has been working very closely with the lumber industry and the number of complaints that I am getting today concerning discrimination with regard to the lumber industry is minimal indeed.

I should like to point out to my hon. friend that this particular problem does not arise under the clause we are discussing. The problem he has is a problem on which my department has been working since 1963. It is a problem that I believe is soluble, and will

ultimately be worked out to the satisfaction of everyone involved.

Mr. Keays: I am fully aware, Mr. Chairman, of the fact that possibly I went beyond the scope of the bill. However, since lumber and building materials were mentioned in connection with this 1 per cent tax, I thought I would bring it up. The minister has referred to certain studies being made by the department in consultation with the lumber industry. This industry has been offered three or four different options in connection with the computation of the sales tax. So long as the problem is under study by the department, I am satisfied that at least it has not been forgotten.

Mr. Bell (Carleton): May I ask the minister to confirm that the phraseology of the schedule which is now being inserted is identical to the former schedule when building materials were fully exempt?

Mr. Benson: Yes, this is the information I am given, that when it was decided to exempt building materials from the additional 1 per cent we adopted the schedule which was drawn up under the government of which my hon. friend was a member.

Clause agreed to.

Clause 4 agreed to.

On clause 5—*Old Age Security Act—Tax payable by individuals.*

Mr. Knowles: If I may, Mr. Chairman, I should like to say a few words on clause 5 which implements the proposal that the ceiling on the amount of taxable income that is subject to the old age security tax is to be raised. During the course of this debate, we have made it clear that our only quarrel with this provision is that the minister did not go far enough. However, we have stated our respective views in connection with this point. I noticed that the Minister of Finance was getting some support for our position from his left. *Hansard* may not indicate just who was at his left at that point, but he was well supported in any case.

I rise particularly because I am interested in the bit of history in which the Minister of Finance indulged for a few minutes this afternoon. He referred to the sessions of the special joint committee on old age security which met back in 1950, when he was a very valuable witness before that committee. As he said this afternoon, he was also the devil's advocate. I have a notion what he thought I was. At any rate, there are not many of us left—

Mr. Sharp: My colleague says, the devil.

Mr. Knowles: I thought that was obvious and did not need to be put on the record. In my younger days I was a printer's devil, so I suppose at least I had graduated.

During the course of the sessions of that committee, if I recall correctly, there were a couple of points concerning which the present Minister of Finance, then in his capacity as an official of the Department of Finance, and I had differences of opinion. Those were recounted this afternoon. He indicated that back in 1950 he supported the idea of a separate old age security fund, and I opposed it. The other difference of opinion between us was that he supported the idea of a special flat rate tax that would apply only to a certain portion of taxable income, whereas I favoured both a graduated tax and a tax that would apply on all taxable income. I was interested in learning this afternoon that in these 17 years the minister has come around to my point of view with respect to one of these matters. I think it is fair to say that he indicated he now has doubts about the idea of the special old age security fund. I wish to express the hope that he will pursue those doubts and that before long he will recommend the abolition of the fund and the acceptance of the fact that old age security is on a pay as you go basis.

We have had differences during the course of this debate, some of them perhaps differences of interpretation. However I believe they have underlined the fact that the fund is really a bit of fiction. When it is in deficit, the minister acts as though that deficit were real and wants taxes to make up the deficit. When the fund is in surplus and we want some of that surplus to be used, he tells us it is not there.

Mr. Benson: In the long run, it is there.

Mr. Knowles: In the long run, it is there. He admits there might be an accounting surplus, but he says it is not a cash surplus. Even the discussion we are having back and forth right now proves my point, I think, that the fund is a fiction which, in fact, was set up so that there could be arguments used as to whether or not pensions could be increased without increasing taxation. I welcome this conversion after these 17 years. The minister confessed this afternoon that the idea of the

fund is not as sacrosanct as it was when this fund was set up. I hope he will pursue this so we can get the old age security on a basis that is factual, that is, pay as you go.

I hope it will not take another 17 years to win the minister as a convert to the other point on which we differed in 1950, namely, that the taxes for old age security would be better if they were built into the income tax structure. My colleague says, and graduated; of course, and he will recognize immediately that when they are built into the income tax structure, ipso facto, they are graduated because the income tax structure itself is graduated.

• (8:30 p.m.)

Surely there is no more reason that the moneys we pay out in pensions should be given an earmarked tax than should the moneys we pay out in family allowances or in national defence or in services to agriculture or labour or what have you. Surely what we as a civilized society decide to spend is part of a total package and should, in effect, be financed according to ability to pay; and contributions should be made according to need or to the decision that society makes through its elected representatives.

I think it is unfair, and a form of discrimination against one group of our people, to put our old age pensioners in the position where there is a tax earmarked for them. If it were a fund such as the Canada Pension Plan fund on the basis of which people receive a pension which is directly related to what they put in, then there is a different case. For example we have found with regard to the unemployment insurance fund that it too is fictitious; when unemployment insurance benefits have to be paid, they have to be paid whether or not the money is in the fund. Again the same story holds true as to whether or not the money is there. I know that there are some differences in that securities are bought outside by the unemployment insurance commission; but in the main these funds, if I may repeat myself, are really a piece of fiction.

I would think, Mr. Chairman, that we would portray the picture more accurately than at present and we would be treating our old age pensioners much more fairly, as well as the other groups in our society who share in the benefits of civilization, if we were to do away with these fictitious funds. As I say, I welcome the minister's announced conversion this afternoon on the one point, and I hope it will not take him long to become converted on the other as well.

Mr. Sharp: Mr. Chairman, I just want to make three brief points. First of all, I would remind the committee that the result of the increase in the ceiling is to affect only taxpayers who are in the upper third group of taxpayers.

My second point is that I agree with a great deal of what the hon. member for Winnipeg North Centre has said. When the old age security fund was first established it was established as a means of relating directly pension cost to the amounts that were being collected. I believe at that time there were some misunderstandings about this. Indeed, if my hon. friend recalls, at one time this was thought to have been a contributory pension plan; but we now recognize—indeed, I think many of us did at the time—that it is only contributory in a very indirect way: It relates the total expenditures to the total revenues from these taxes. I agree with the hon. member that we have got beyond this point and that the existence of this fund ought to be examined in relationship to the revisions in the tax structure we may be considering shortly.

Finally I would say to the hon. member that if in fact a fund had not existed I do not think we would have had the same argument here, because it would have been clear to the hon. gentleman, as it is to me, that I would have had to raise another $280 million to pay out additional benefits.

Mr. Knowles: Does the minister think that would have made it any easier to vote for these increased taxes? It would not.

Clause agreed to.

Title agreed to.

Bill reported.

SMALL BUSINESSES LOANS ACT AMENDMENT

BROADENING OF LENDING PROVISIONS

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Small Businesses Loans Act to extend until December 31, 1969 the time during which guaranteed improvement loans may be made under the act; to extend the guaranteed loan provisions of the act to cover loans made to small businesses engaged in construction, transportation or communications; to remove the restriction that now applies in the case of loans made under the act

for the purpose of constructing or purchasing premises; to increase the maximum limit that now applies with respect to the annual gross revenue of a small business enterprise from $250,000 to $500,000; to provide that the aggregate principal amount of all guaranteed business improvement loans made by banks during the new lending period shall not exceed $300,000,000; and to provide further for certain changes in connection with the administration of the act.

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

• (8:40 p.m.)

[*Translation*]

Mr. Chrétien: Mr. Chairman, the purpose of the measure before the house is to add a further three year period during which loans made by chartered banks under this act may be guaranteed by the government and to extend the scope of the act in order to make its benefits available to a large number of small businesses.

I am sure hon. members will recall that this act was passed in 1961 to empower the government to guarantee loans made by chartered banks to small businesses engaged in manufacturing, trade or services for purchasing equipment and improving or enlarging the premises in which they operate. An amendment in 1962 extended the purposes for which loans may be made to include the purchase or building of premises, where existing premises cease to be available, or where a new site is necessary for the normal development of the business.

Under the terms of the act, a small business enterprise is that with an estimated annual gross revenue not exceeding $250,000. The maximum amount that can be borrowed at any time is $25,000 and loans are payable over a period of at most ten years. The maximum interest rate that can be charged on those loans is set by the regulations. It has been at 5½ per cent since the beginning of this program.

The act became effective on January 19, 1961 for an initial period of about three years ending on December 31, 1964. It authorized the Minister of Finance (Mr. Sharp) to guarantee any bank against loss of an amount not exceeding 10 per cent of all the business improvement loans granted by the bank over the lending period. Provision was made for a total of $300 million for all loans that chartered banks could grant under the act during the lending period. The act was amended in 1963 so as to provide an additional three year lending period during which guaranteed loans could be made under the same conditions as during the original lending period. The legislation now before the house will provide for another lending period which will extend from January 1, 1967 to January 31, 1969. During this further period, the same guarantee provisions will continue to apply just as during each of the two previous guarantee periods.

Due to the pressure of current business in the house, it was not possible to introduce the resolution preceding this bill before the middle of December 1966 and the schedule of legislation precluded discussion before the Christmas and New Year adjournment. In order to prevent stoppage of the operations being conducted under this legislation, the bill carries a clause making the application of this legislation retroactive to January 1, 1967. Meanwhile, the Minister of Finance has asked the chartered banks to continue lending under the act, pending the passage of the present bill and the minister has been assured by the banks that they would.

The other provisions of the bill concern the scope of lending operations under the Small Businesses Loans Act. They deal with points which may have contributed to the little use made of that act until now.

Every year from the implementation of the act until 1965, chartered banks have granted some 3,000 loans to small businesses, totalling $26 million. Although the final figures for 1966 are not yet available, it seems at first glance that loans in 1966 totalled $21 million. Therefore, during the six first years the act has been in operation an approximate total of $150 million has been granted in loans. Of course, it is not an unimportant amount and it has probably been quite beneficial to borrowers. But it might be possible that it is not a valid sign of the entire potential demand which could exist for such loans.

The rather moderate application of this act is mostly due to a few characteristics of its provisions and the purpose of this legislation is to amend those main features, in order to extend the application of the act to a greater number of small businesses.

A rather secondary factor, which explains the relatively limited use of this act, is the fact that the purposes for which loans could normally be granted included improvement or extension of premises. As I said earlier, the act admitted only the purchase or the building of replacement premises, when the premises used up to then were no longer available. Unusual situations arose from that. For example, the owner of a retail store

operating in rented space was not able, under the act, to finance the purchase of the building in which he had settled down, although he could, under the same act, finance the purchase of a building across the street if he was to evacuate the premises he was occupying. The new bill aims at extending the present grounds for loans, in order to allow the purchase and the construction of premises in every case and not only under the circumstances I just mentioned.

Another more significant factor is that the loans at present can only be granted to the small businesses engaged in manufacturing, wholesale, retail, and service. There are several other small businesses engaged in construction, transportation and communications that are not at present eligible for loans, under the act, but the nature of which would permit them to avail themselves of such loans, as well as the retailer or the small manufacturer. The bill provides eligibility to guaranted loans for the small business enterprises falling into these three classes.

A third factor is the present limitation on the size of the small business for eligibility. Such enterprise was defined as having an annual gross revenue not exceeding $250,000. Sometimes, particularly in the case of some retailers and wholesalers, this led to an arbitrary exclusion of businesses which, in other respects, could have qualified for loans under this act. The legislation before us changes the definition of the small business eligible in determining that its estimated annual gross revenue shall not exceed $500,000.

However, I wish to point to hon. members that there is at present no provision for increasing the maximum amount of a loan permissible under the act. In deciding to leave the amount unchanged, the government has taken into consideration other financing sources available to companies needing more than $25,000, one of these being, of course, the Industrial Development Bank. The Small Businesses Loans Act is designed particularly for very small business concerns, where the owner ordinarily deals with the local bank branch for all his financial needs. All the more reason why we must expect businesses needing over $25,000 and those having a turnover exceeding $500,000 to have plans that require financing beyond the scope of the Small Businesses Loans Act. Such projects can be financed either by individual lenders or by the Industrial Development Bank. Of course, borrowers at the intermediate level will prefer loans governed by the Small Businesses Loans Act, since banks cannot charge more than 5½ per cent on loans granted under this act, as compared to higher rates charged by individual lenders and the Industrial Development Bank.

This brings me to another point which, I think, is important. The purpose of the government guarantee, as authorized by the act, is to encourage the banks to earmark, for a given period, a portion of their funds for loans intended for business improvement. However, that provision gives less and less incentive, at a time when the level of interest has substantially increased, while the interest rate on guaranteed loans to small businesses remains at 5½ per cent.

That rate, of course, was set initially on the basis of the 6 per cent ceiling of the interest rate provided by the Bank Act, at a time when the interest rates were generally substantially below the present level. It is unquestionable that the bank rate, under the act, must take into account the guarantee granted to those loans by the government. However, if the act must still benefit truly the small borrowing businesses, the rate must be sensibly determined in proportion to the rates charged by the banks without government guarantee, after the ceiling on interest charges has been modified by the bank legislation which is before the house. Once that measure has been passed and new interest rates have been set, the minister proposes to review the interest rate provided by the act and to recommend to the governor in council, if necessary, a change in the administration rule in order to set a new maximum rate under the Small Businesses Loans Act.

I believe that the average businessmen will welcome this initiative even if it involves a higher interest rate. At the present time, several business men find that they cannot get all, or part of the funds they need, at an interest rate of 5½ per cent and they have no other alternative than to turn toward other means of financing which are considerably more costly. Such an initiative will evidently reduce the difference between the rates imposed on loans granted under the Small Businesses Loans Act and those demanded by the private lenders or by the Industrial Development Bank. The cost of a loan granted under the Small Businesses Loans Act will become a little less advantageous, but the funds available under that act will be increased.

Mr. Chairman, this brings me to the conclusion of the remarks I wanted to make at this stage.

Small Businesses Loans Act Amendment

• (8:50 p.m.)

In conclusion, may I be allowed to say that in introducing this resolution in the house and describing the future financing methods thereby provided, I express my full confidence in the basic soundness of small businesses in our country and in the good judgment of those who own and administer them. I expect them to make a greater use of this piece of legislation, on account of the proposed changes, and that the banks will be better able to meet reasonable loan applications under this act.

Mr. Keays: Mr. Chairman, we are very happy to see the parliamentary secretary to the Minister of Finance and Receiver General (Mr. Chrétien) introduce this resolution. We, on this side of the house, wish him well but we shall nevertheless have some comments to make. However, I know I cannot criticize this resolution, as mentioned by the parliamentary secretary, since in 1961 we approved such a legislation through our vote.

[*English*]

However, we welcome this proposal for legislation to extend the act to December 31, 1969. We are happy to see that the measure will now cover certain categories of businesses which were not previously eligible for loans under this legislation. It is true that if money could be made available by chartered banks in circumstances in which repayment was guaranteed by the government, small firms or individually-owned firms going into the trucking industry, which has contributed so greatly to the strength of the Canadian economy, would derive valuable assistance in their financial affairs, particularly during the early stages of their existence. And, as I say, transportation and communication play a most important part in determining the cost of all our products today. So everyone would benefit by improvements in efficiency brought about by better equipment and facilities for the transportation of goods. By helping these companies we would be helping to reduce the price of the products we use.

Parliament is here making use of its power to ease the financial burden which our small business people bear. It is also offering an incentive to these people to play their part in the general economy of our country by improving their facilities; it is encouraging them toward greater productivity and, last but not least, to contributing to the employment of our citizens.

[Mr. Chrétien.]

I am confident that the small businessman is an essential spoke in the wheel of industry. The larger corporations with their greater investment capital have of course contributed substantially toward the maintenance of a competitive position in world markets. But the smaller businesses, too, whether engaged in manufacturing or in transportation, in the communications field or the service industries, have made a tremendous contribution to the supply of products necessary to the large corporations I have mentioned. They fill a gap which the large corporations cannot fill. In brief, they are one of the fibres in Canada's network of enterprise which makes this country's financial position strong.

It is perhaps unfortunate that this legislation could not have been brought in before the end of the calendar year 1966. I say this because I am under the impression that some of the potential borrowers have been deprived of the means of borrowing, though I recognize the parliamentary secretary told us that the minister had made arrangements with the chartered banks to continue to lend under this act. Nevertheless I suspect that some people did not receive the money they might have received under the act, possibly because of fear that the legislation would not be renewed or extended. So they may have suffered for a period of 50 days.

Looking over the last available report of the transactions under the Small Businesses Loans Act, I find that in 1965 the total amount lent was of the order of $26 million. The parliamentary secretary tells us now that in 1966 the total was in the order of $21 million. This leads me to wonder whether those wishing to borrow have been finding it as easy to do so as they did previously. It is possible that in 1966, due to the tight money situation, some of those who wished to get loans under the act were denied them by the banks.

This reduction in the amount lent was caused, I suggest, partly by the tight money situation and partly by our failure to amend the Bank Act and bring it forward in 1964. The parliamentary secretary indicates that he does not know. I do not know either, though I have my suspicions that this may be the case.

Mr. Chrétien: I did not say I did not know. As to the Bank Act, I wanted to suggest that responsibility for the delay was much more on your side of the house than on ours.

Mr. Keays: I do not think we held up the Bank Act. I know that according to the act the

rate of interest a bank can charge is set at 5½ per cent. I find myself wondering if this will have the same effect in the future as in the past. I wonder whether the banks are interested when a businessman goes to a chartered bank and offers them 5½ per cent interest. We know that the government will guarantee 10 per cent of the total amount of $300 million made available. I am not at all sure that the banks will be interested in making loans at that rate of interest. This might mean the end of the Small Businesses Loans Act.

• (9:00 p.m.)

We know that the banks are to be given the right to take mortgages. Because of this, in some way they will be competing with the Industrial Development Bank. The rate of interest they will be receiving will be 6 per cent; that is the present rate. They hope the rate will be larger. Once the banks have the power to take mortgages I cannot see them making loans at 5¼ per cent. When the small businessman approaches a bank it is quite evident, with the powers the bank will have, the rate he will be charged will be 6 per cent or such other rate as might be established. Under the present system, however, it would be 6 per cent. I am a little concerned about whether this legislation will be of much benefit to the small businessmen of our country. I referred to the total number of loans made in 1966. I would be interested to know how many applications were made in 1966 compared to 1965. Perhaps this would tell us the story, so that we would know exactly what reaction the banks will have when the applications are received. I would also be interested to know the amount of the loans made in the rural areas compared to the urban areas of our country.

When I look at these tables for the year 1965 and see that some banks are lower in volumes of loans than some of the others —although possibly their assets are equal—I ask myself whether all the banks are interested in making these loans. Most of the small business people in our country will be found in the rural areas. If this legislation will be of no help to the people in the rural areas, then there is something missing. I wonder whether perhaps the Department of Finance has continued to keep in touch with the chartered banks to encourage them to see that more money is available in these rural areas. I think this would be one of the most important things the department could do. They should keep in constant contact with the chartered banks to see that they are playing their part in respect of this legislation.

I would be very happy to know whether or not the department is receiving full co-operation from all the chartered banks. I also wonder whether we should publicize this legislation more, or perhaps have further contact with the provinces in order to be sure that they are increasing the activity in this domain. Again when I look at this table I see the total number of loans made with this 10 per cent guarantee. I should like to know from the parliamentary secretary whether the extension of the term in respect of the $300 million is for a further three years and for an amount of $300 million, or does it take into account the millions which have been lent previously. In other words, if $100 million has been lent so far, will this new legislation cover a guarantee of 10 per cent of the $400 million or simply 10 per cent of the $300 million as at the first of January because, as is said, the bill will be retroactive.

I think there possibly are a few other important industries in this country which do not seem to be affected by this new legislation. I am thinking of the agricultural societies which have come into existence throughout the country. These societies have exhibitions, agricultural shows, stampedes, horse shows, and so on. These are found throughout Canada from the east coast to the west coast. It seems that unless these societies in some of the smaller areas are consolidated into larger units they will not be able to exist. I believe that if this type of loan could be made available to some of these societies they would be encouraged to consolidate, grow, and bring additional benefits to their communities. These agricultural societies have provincial charters and if they do not receive aid under this legislation they will disappear. I hope in the near future, by means of this or other legislation, we will be able to assist them.

I am informed that the former minister of agriculture had intended to introduce a program to set up loan facilities for these societies. This has not been done. Perhaps it could be done by means of this legislation. I will have more to say later concerning this new legislation, but this will conclude my remarks at this time.

Mr. Saltsman: Mr. Chairman, in opening my remarks I would first of all like to congratulate the parliamentary secretary upon his lucid explanation of this legislation. It has been most helpful. I also wish to indicate the

general approval of this resolution by the members of this party. We believe it is a most worth-while piece of legislation. It has proven its value in the past and I am sure it will assume increasing importance in the future. It is particularly important that the government has recognized the changing role of the small businessman by moving the ceiling from $250,000 to $500,000 because, although we speak of the small businessman and think of his business in terms of infinitesimal sales, the truth is that in many cases today the amount of capital required by even the smaller businesses in our society has expanded enormously, and this resolution takes this into account.

• (9:10 p.m.)

I am also pleased to note that the restrictions in respect of the use of this money have been removed, so far as the construction and communication industries are concerned. The government should have gone further and included other industries, and I intend to discuss this aspect a little later this evening. Small businesses today form an important part of our society and I am sure they will continue to play an important role in our industrial and commercial system.

Statistics indicate that small businesses today make up more than 94 to 100 per cent of the number of industries in most fields of business activity. Although we have witnessed tremendous growth of giant corporations, prospects and needs for small businesses apparently have not diminished. If we consider small businesses with assets of less than $1 million, we find there are some 440,000 small businesses in Canada, most of them unincorporated, with assets under $100,000. A great many of them are engaged in the retail trade, service or construction industries.

I said earlier that it was important to remove the restriction in the application of this measure in respect of the construction industry. There are many efficient contractors in business who will benefit from this measure, and will be able to play an important role in alleviating the serious shortage of houses that exists in this country.

There is a particular need today for special legislation to help small businesses. As the government learns to use and apply monetary and fiscal tools to manage the economy the tendency will exist to tighten the screws on small businesses more so than on larger corporate organizations. The government should go further than it has in terms of laying down guide lines to the banks, which are charged with the responsibility of carrying out the provisions of this legislation so that under the special circumstances of monetary or fiscal tightness the small businessman does not bear the greatest load.

Anyone who has observed what has happened in the markets when money is tightened to control difficulties of an economic nature must recognize that the small businessman is worse off than others. For that reason special consideration must be given. Small businessmen frequently lack alternate sources of credit. The royal commission which studied this problem pointed that out. Larger corporations can float bonds and go to special organizations for money. They can also increase their stock offerings and take advantage of many other sources of money. In many cases they can use their retained earnings. These sources of money are not always available to small businesses, therefore the function of the bank is of paramount importance.

The government has indicated to the chartered banks of Canada its desire to help small businesses. They must be aware of the government's concern in this regard. Following the changes to the Bank Act the situation will become more difficult for the small operator. His bargaining position will not be as great vis-à-vis banks.

In the long run this kind of legislation will be very helpful to the government in obtaining support for its broader proposals under the Bank Act. One thing which has disturbed many of us about the changes to that act is the problem of how small businesses are going to exert sufficient influence under the flexible arrangement proposed by the government to ensure that they have adequate access to funds at reasonable rates. We all realize that money is available at extremely high rates. Small businesses cannot afford to pay these high costs. This act will help to satisfy those of us who have been concerned about difficulties which may be created by the provisions of the new banking legislation.

Let me make two suggestions at this time. I have indicated my general support for the measure before us. There are, however, omissions of an important nature in terms of the future of small businesses. Funds should be made available to small companies for the purchase of other like companies in order that they may enlarge their operations. There is nothing in this bill which would permit such activities. Anyone who is familiar with the operations of small businesses knows that

they represent the largest untapped reservoir of managerial talent that exists in this country. Anyone who has tried to operate a small business will appreciate that it is more difficult to operate a small business than a large one.

With advances in technology there is an increased need to enlarge operations. What might have been efficient at one time becomes less efficient with changing technological requirements. Small businesses require more capital and a great deal more management. I think we should allow the small companies in our business community to take advantage of opportunities, and provide funds in order that they may expand. The omission of such a provision in this measure is something that should be corrected. Surely this would be valuable to our economic future. This would allow able and talented managers to develop their operations and provide increased efficiency in some areas. It would certainly enable them to act with a greater degree of knowledge and technology.

• (9:20 p.m.)

The other suggestion I should like to make is this. Since this program provides a great deal of assistance to small businessmen, two things should be done. First it should be given increased publicity. I do not think enough business operators in this country are aware of the provisions of this act and the fact that the parliament of Canada has already passed legislation of this type and will probably pass similar legislation in future. I believe they should be made aware of this fact. This may be one of the reasons that the amounts authorized by the legislation have never been fully taken up.

The other suggestion I should like to make in this regard is that these loans carry an insurance charge. At the present time a loss is sustained from the operation of this fund. This loss is met out of unappropriated moneys in the consolidated revenue fund. I refer to the loss sustained in the lending of money under the conditions prescribed in the act. Last year, if I am correct, the amount of loss was $76,785. This is not a large amount; it is not an amount that perhaps should arouse an excessive degree of concern. But I believe there is a principle involved here. Those of us in parliament are looking at this legislation from the viewpoint of providing every possible assistance to the small businessman, and there should not be any subsidy feature in the program as far as the government or the taxpayers of this country are concerned.

Although the loss experienced is rather small and is, I would think, a very good indication of the healthy state of our business community generally, and the considered use of this fund by our banks, I believe that loans made under the act should be insured. The premium charged should be sufficient to cover this kind of loss, so as to make the entire program self-sustaining. We adopt this principle in connection with other government programs. We do it with home improvements and N.H.A. loans, and I believe it would be a logical extension of that principle to apply it also to this legislation.

Looking at the loss experience, according to the report of 1965, of 14,050 loans made, 25 were in default. If you figure out the actual amount of default, it works out to one tenth of one per cent, as close as I can get it. I quote these figures as an indication of the small amount of the loss and the small premium that would be necessary to ensure that the loans are fully covered and represent no charge on general revenues. This program would then be completely self-sufficient. I believe most businessmen would view this proposal with favour. They would consider that a small charge of this type to insure loans would be acceptable. And it would go a long way toward improving the conception of this kind of program.

In conclusion, Mr. Chairman, I should like again to voice our support of this most valuable piece of legislation. I would urge the government to consider the suggestions we have made for the purpose of improving the provisions of this act, and hope the government will bring in recommendations in the future to implement these suggestions.

[*Translation*]

Mr. Gauthier: Mr. Chairman, as usual, I will not take too much time at the resolution stage precisely because we do not yet have the bill. This time, however, the terms of the proposed legislation are clear enough to indicate what will be provided for in the bill, and I should like to congratulate the parliamentary secretary to the Minister of Finance (Mr. Chrétien) in particular for his work.

Naturally, this legislation is simply a broadening of the act passed in 1961 under the Conservative government; it was amended in 1963 and this year it will be extended to December 31, 1969. Mr. Chairman, I believe the parliamentary secretary will certainly be happy, since the bill will receive unanimous approval, and it is always pleasant when one

makes a proposal with the assurance that discussions will not be too lengthy. That is understandable, when we are presented with legislation favouring our interests, the interests of Canadian citizens; it is not at all like being asked to pass a measure causing hardship. We prefer to support this proposal rather than pass a bill resulting in increased taxes, because an increase in taxes is always hard on the people. I therefore wish to congratulate the parliamentary secretary to the Minister of Finance.

This gesture on the part of the government will surely help small businesses, which daily need more help because, on the whole, the government is not assuming an extraordinary responsibility, since its liability is only 10 per cent. In my opinion, this is not excessive.

• (9:30 p.m.)

Even if the government had wanted, while introducing its amendment, to give greater satisfaction to the small businessmen in increasing a little the government's endorsing responsibilities, it would not have taken a great risk as far as money is concerned, because a businessman who makes a loan of $25,000, while he is worth $200,000, $250,000 or $300,000, is not a great financial risk.

I feel that the difficulty will lie in fixing the bank interest rate. It is understood that if the present rate provided by the law, that is 5½ per cent, is maintained, I do not think a single bank would be interested in making loans. In fact, I have discussed the matter several times with some of my electors. They had visited me to obtain a loan, and I can assure you, sir, that at the rate of 5½ per cent, the banks became more and more disinterested, for it should not be forgotten that today the bank lends at rates of 8 and 8½ per cent. People say that the interest rate is 7 per cent, but there are also the administrative costs. The banks are entitled to charge for administration, and they will do it quite willingly.

To my knowledge, most small manufacturers—perhaps 80 per cent of them—having obtained loans applied directly to the banks, since the banks could not make up their minds and accept the government's requirements. Even though the government was the endorser, the banks would rather run the risk, which, in my opinion, was rather non-existent. They preferred running the risk, if any, and lend at 8 and 8½ per cent.

That is why I am reminding the minister he must consider which interest rate will be more acceptable to the banks, because it is useless to pass a piece of legislation while knowing beforehand that it will be impossible to implement it through lack of interest on the part of the banks.

Anyone in their place would not reason otherwise, because the real purpose of banks is to administer their business; their purpose is to make money rather than to suffer losses, even though the government itself advises them to that effect.

If I were a bank manager and the government advised me to lend money at 5½ per cent, I can assure you that if I had the chance to charge an 8 per cent interest, I would certainly do so.

Since nothing is decided yet, in this bill, I suggest that the minister be very careful so as to avoid making this legislation ineffective. These loans are surely more advantageous than those of the Industrial Development Bank, because I think that an enterprise must be in a very difficult position to borrow from the Industrial Development Bank under the conditions offered these days.

Nowadays, if you borrow from the Industrial Development Bank, they will first try to retain a reserve of $2,500 which will be remitted after ten years, if you will, but such $2,500 will be kept in reserve and interest charged on the balance. The borrower will get only $23,500 and the $2,500 will be loaned for ten years.

Now, our bill must prevent tricks of that kind. Banks should not be forced to accept profits on the side. If our legislation is very clear, well defined and if the interests are very obvious and do not cause banks to lose money, I believe the tricks like the ones we see in the Industrial Development Bank will not be repeated. I have known some of the things certain industrialists were asking for. They finally obtained the amounts they were looking for. Now, when an industrialist needs $25,000 more and sees $2,500 of that amount held back, that is not satisfactory at all.

Mr. Chairman, I would also like to draw the attention of the government on the small businesses in our areas. This is a good piece of legislation, but I think that something more should be done in order to save private enterprise in the province of Quebec; I do not know how it fares in the other provinces, but as far as Quebec is concerned, there are serious problems with respect to private enterprise, tremendous difficulties when it comes to securing capital at a reasonable rate. I hope that the government will not merely extend the effects of the legislation already passed, but that it will try to find new ways

of expanding our private enterprises a little more.

[*English*]

Mr. Howe (Wellington-Huron): Mr. Chairman, I would like to say a few words on this resolution, which makes provision for amendment to the Small Businesses Loans Act. For many years the small businessman, who has been a very important part of our economy, has been forgotten. There was no legislation on the order paper and no legislation was passed through the house to make loans available to him. And yet, Mr. Chairman, the small businessman, as has been said so many times during this debate, is an important part of our national economy. He is the one who goes to the newly developed areas and brings the goods and services that are so necessary to the development of these areas. He is the man who takes the lead in the municipalities, does work in his church, his schoolboard and commissions. He is the man who throughout the years, as great corporations, chain stores and big manufacturers grew and developed in this country, found it more and more difficult to be competitive. There was no government assistance available to him. Farmers had their farm credit corporations, big manufacturers, and the industrialists had the Industrial Development Bank, but the small businessman had nowhere to go for loans except to his local bank.

Those of us who are small businessmen and who have tried to get loans from chartered banks without having too much collateral have found it pretty difficult. However, the government of which I was a supporter and which came into power in 1958 realized that this was an area which needed assistance. So, in 1958, a branch of the Department of Trade and Commerce, called the small businesses branch, was set up. This was the branch where the problems of small business were discussed, and to which small businessmen could send in their requests and have them answered. I might say that this function is being performed in the Province of Ontario by the department of planning and development. This department has provided assistance to communities all across Ontario by analysing the businesses of small businessmen and providing helpful suggestions in their operations. This has been very valuable assistance in the last two or three years in the Province of Ontario.

As I said, the Conservative party realized in 1958 the importance of the small businessman in our national economy and did something about it. In fact, four days after the opening of parliament in November of 1966 the Speech from the Throne was postponed so as to bring in Bill C-40 which initiated the Small Businesses Loans Act, This was a very important piece of legislation particularly in view of the high rise of unemployment in 1957 and 1958 which we inherited from the previous government. In this connection I should like to read the statement made by Hon. Donald Fleming when Bill C-40 was first introduced in the house. It indicates that the Conservative party of that day was ready and willing to do all that it could to overcome some of the problems with which it was faced. He said the following:

> My ministers are convinced that additional medium-term credit facilities for small businesses would enable many private projects to go forward this winter all across Canada, providing substantial additional employment. Moreover, this addition to our credit legislation will constitute a continuing stimulus to the growth of Canadian private enterprises.

• (9:40 p.m.)

Now, Mr. Chairman, this is a very important piece of legislation which provides assistance to a group of people who never had any provision made for them before by way of government loans. This act made it possible for them to go to chartered banks and get assistance it they wanted to remodel their store facilities or, if they were in a service industry, to buy a new piece of equipment. These business people would thereby be enabled to meet the competition of larger, more powerful chain stores or bigger service industries.

However, Mr. Chairman, as is the case with a lot of new legislation there had to be a trial period and, as the parliamentary secretary indicated, this bill had to be amended in 1962 to make it possible for people who were in small businesses to move to new premises. This Small Businesses Loans Act has not been as useful or as comprehensive an act as it should be. This fact is indicated by an article in the Ottawa *Citizen* of June 25 which is headed, "Small Loans to Business off $359,048". This same situation is reflected in an article in *Men's Wear* magazine which indicates that in the first nine months of this year, small business operators borrowed only $15.1 million compared with $19.8 million in the same period of 1965.

There are several reasons for this situation. I believe one was indicated here tonight, namely the fact that the interest rate is only 5.5 per cent. Probably the banks were not as happy lending money at 5.5 per cent when they could get more for it from other areas. There has been some feeling amongst people who applied for these loans that the regulations were a little too stringent. In addition, as someone said tonight, there was a feeling not enough publicity had been given to this act and there were not enough small businessmen in Canada who knew about this particular piece of legislation.

However, Mr. Chairman, we are very happy tonight to learn there is going to be an extension of this act to make it possible for people engaged in the construction, transportation and communication businesses to participate in these loans. These people will be allowed now to purchase or construct new premises. I believe the lack of this provision has been a detriment to this piece of legislation. I remember many cases in which people wanted to start up in business but were not able to get a loan of this type, because they had not been in business before. I feel that the extension of this act is going to be of great help to many small businessmen in Canada by increasing the number of people who can participate.

However, Mr. Chairman, I believe there is still room for improvement in this legislation. One of these is the need for working capital for some types of service industries. For instance, a man who goes into furniture manufacturing in a small way may use most of his own capital to buy his equipment and purchase his first order or raw material. He has to give credit to his furniture dealers for 60 or 90 days, and during that period he may have to pay for his raw material and equipment, as well as meet his payroll. He often finds himself pinched for funds. Here is a business which, if a few thousand dollars of working capital were provided during this period, may prove successful. I believe the local banker would not have any compunction about helping an industry of that type because in a good many of these small communities the banker has an intimate knowledge of the operator.

I have knowledge of an example of this type of thing. There was a chap who started a furniture business and who knew what he was doing. He came to this particular period in the initial development of the operation when he was pinched for capital. The bank, because of regulations, could not give him any working capital and he was going to have to go to the money markets and probably pay 10 per cent or 15 per cent interest. If working capital were made available during this initial period, it would mean the difference between success and failure for this business.

There is one other area in which I should like to suggest there is room for improvement. When this act was first introduced the maximum amount of loans was $25,000. This might have been realistic in 1960 when the scope of the act was limited to small manufacturers, wholesalers, retailers or service industries. Now, however, the act is being extended to construction, transportation and communications industries. I have not had too much experience with this type of business, but a $25,000 loan to a man in the construction business who wants to buy a bulldozer, for instance, is not of much use. How far will a loan of that amount go for a man in the transportation business who wants to buy a diesel truck? Of how much assistance is it?

I feel there is room for improvement in these two particular areas. I hope the parliamentary secretary will bring these two cases to the attention of the minister and that the minister will give them consideration. Then, this bill will not be too stringent but will make it possible for small businessmen to participate in these loans. This legislation should look after a group of people who have been forgotten for many years. We will support the resolution as it is. As I say, it is our job as an opposition to indicate the areas in which legislation that is being introduced could be improved. I do feel, Mr. Chairman, that with the addition of these two areas I have suggested, this particular resolution which has to do with the amendment of the Small Businesses Loans Act will be more effective.

Mr. Hales: Mr. Chairman, I should like to make one or two brief observations. First I should like to congratulate the parliamentary secretary upon his statement introducing the resolution this evening, and also my colleague who has just spoken, the hon. member for Wellington-Huron who drew to the attention of the house the steps the Conservative government took in 1961 to introduce this most worth-while piece of legislation. I think each of us in this house who comes from a community in which there are many small businessmen has seen the usefulness of this act demonstrated. I think of family businesses that have been handed down from father to

son, and this act has enabled them to carry on. I think of some of the new Canadians who came to Canada without capital but brought with them their skills and trades and who, as a result of loans obtained under this act, have been able to start up small businesses or manufacturing concerns. Corner grocery stores and confectionery stores, and so on, have derived great advantage under this act. I can recall main streets in small communities whose appearance has been greatly improved by the erection of new store fronts financed by loans under this act. Therefore I congratulate the government upon broadening its terms to include assistance in construction, transportation and communications. A small business operator can borrow under this act now to purchase or construct a building.

• (9:50 p.m.)

All in all, Mr. Chairman, this has been a good piece of legislation. But it should be better; it still does not have the potential it should have. I am not sure where the trouble lies. Maybe, part of the problem has been that the act is applicable only to those businesses with up to $250,000 gross sales per year. The government is now stepping this figure up to $500,000 and more businesses will become eligible for the benefits of the act.

However, Mr. Chairman, this is still not enough. The government must sell this legislation and must ask the bank managers why more people are not taking advantage of it. Is it because the bank managers themselves are not telling the small businessmen that this assistance is available? The legislation needs a push along the line somewhere.

This government has to do even more than just amend the legislation. There used to be a department of government dealing with small businesses, but to my knowledge this department has been dissolved. If it is still functioning we certainly do not hear anything about it.

There is one other factor mentioned by the hon. member who has just resumed his seat. The amount of the loan available is $25,000. That was the amount prescribed by the act when it was passed in 1961, but this is not nearly enough today. If a grocer wants to modernize his store and to instal modern refrigerating equipment to keep pace with large sales of frozen foods and other products requiring refrigeration today it will cost him $75,000, in order to compete and keep in line with his competitors. So that this amount of $25,000 is inadequate, and I am only sorry that the government did not see fit to raise the amount and include this provision in its amendments to the act.

Many service businesses come within the act, but there is one that does not, one which is very important to the welfare of the country and to society as a whole. I am referring to professional men such as doctors and physiotherapists, osteopaths, dentists, etc. who want to start a practice, or a group of doctors who want to acquire a clinic and buy some of the very expensive equipment on the market today. This should be regarded as constituting a service business. These professional people need this help and should come within the ambit of the act, along with the other service businesses. If we were to look into this question further I am sure we would enlarge the terms of the act to include medical men, dentists, and so on, who could use a loan to great advantage. For example, I think of the young man who has just graduated and is starting up in practice. The provisions of this legislation would be a great help to him and would enable him to render services so badly needed in many of our communities.

In conclusion, Mr. Chairman, I congratulate the government on broadening the scope of this excellent piece of legislation which we had the honour of introducing in 1961.

Mr. Herridge: Mr. Chairman, I just want to take a moment or two to express my support for the broadening of the terms of this legislation. I think this is a good illustration of the government's having listened to the advice given by the opposition throughout the years since the bill was first adopted and accepting suggested amendments as a result of the experience of hon. members in their own constituencies.

I know that this amendment which provides assistance for the construction of buildings will be very useful to a number of small businessmen whom I have the honour to represent. In some of our smaller communities particularly there are many business buildings which were erected 50 to 60 years ago, and I have heard businessmen say that they would like the opportunity of reconstructing their premises. Under the terms of this legislation, when it is adopted, I think they will have the opportunity to do this.

I also presume, Mr. Chairman, that the government has been listening to the experiences of bank managers. The previous speaker made the point that the bank managers should make an effort to "sell" this type of

legislation. As a matter of fact, I have discussed this legislation with the managers of practically every bank in my constituency, and they have brought the legislation to the attention of many small businessmen. In the great majority of cases they have done all they could to see that these small businessmen are able to take advantage of the terms of the act, because they had security and opportunities ahead of them.

I will have something more to say on second reading of the bill, Mr. Chairman.

Mr. Johnston: Mr. Chairman, I realize the wish of the committee to complete this resolution stage this evening. However, I wanted on behalf of this group to express our approval of the resolution, and to do so in a brief space of time.

I am well aware that small businesses provide two things which are becoming increasingly rare—personal service and neighbourhood convenience, two important items in today's world. We approve of the broadening of this act so as to extend its usefulness, but I should like to say that unless this parliament and the government do a few other things at the same time we may find, as often happens when small businesses are developed, that we are laying the groundwork for a national chain of some kind or other to take over. Often small businesses are sold rather swiftly, not because they do not make enough money but because of the frustrations of their owners as a result of government intervention.

I recall very vividly sitting down with a group of small businessmen at one time and asking them what was their main problem in this regard. There was a short pause, and then came the answer "Well, the government". I can think of a couple of examples. One is the requirement of making quarterly payments of income tax. When a small businessman just starting up business is asked to make quarterly payments of tax prior to the end of the year, with refusal to pay or tardiness in payment involving him in the payment of interest on money which I do not see how he can owe the government anyway, this puts him to some hardship. Another problem has been mentioned over and over again in this house and is created by the Canada Pension Plan, overpayments to which being not returnable to small businessmen. This is the kind of thing we should take care of at the same time as we take this forward step in broadening the terms of the act.

Resolution reported and concurred in.

[Mr. Herridge.]

• (10:00 p.m.)

Mr. McIlraith (for Mr. Sharp) thereupon moved for leave to introduce Bill No. C-270, to amend the Small Businesses Loans Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow the house will be asked to consider items Nos. 47, 58 and 59, the legislation dealing with collective bargaining in the public service and employment in the public service.

An hon. Member: In that order?

Mr. McIlraith: Yes, in that order.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

RESEARCH—REQUEST FOR INCREASED GRANTS FOR MEDICAL RESEARCH

Mr. William Dean Howe (Hamilton South): Mr. Speaker, a few days ago I asked a question in the house about the possible loss of accreditation of four of Canada's 12 medical schools. I asked the question of the Minister of Finance (Mr. Sharp) because he had suggested that the rate of increase of the medical research council estimates be reduced. I understand that the rate has been allowed to go up again to the 30 per cent that had been allowed previously. In spite of this, I feel that the threat of the loss of accreditation of four of our medical schools is a disgrace to our country. At one time we had one of the best reputations in the world for medical science. What have we today? We have a government that fails to plan. As a result our country is on the verge of medical disaster.

The *Financial Post* has said this:

> Canada's standard of health care is dangerously close to slipping quickly and quietly to the level of the second rate.

Our scientist medical teachers are going to the United States, where they have continuing money for the advancement of medical research. There, $6.50 per capita is spent, compared with Canada's 90 cents per capita.

Referring to a book put out as a report to the committee of presidents of the universities of Ontario entitled "Health Science in Ontario Universities", I see that it says on one page that teachers and scientists in

Canada must be encouraged to remain in academic work and Canadian teacher scientists and graduate students now employed in the United States must be attracted back to Canada if possible. On the next page, page 19, one sentence is worth repeating. It says that at the present time full-time staff will not join faculties of medicine lacking research facilities.

Now we are faced with the prospect of four additional new medical schools in Canada, one in Hamilton, at McMaster University. It is planned to open this in 1969. Prospective students for this are in pre-medical schools, at universities. They started last fall, in 1966. Why would a government commit itself to spending $500 million on health training facilities while not allowing for the payment of a staff of teacher-scientists to run these facilities?

We are still continuing to play musical chairs between the universities, rather than plan for the future and increase one of our most valuable commodities, the supply of medical teachers, by a proper government increase each year of 50 per cent, as requested as a minimum by the deans of our medical schools. The present rate is 30 per cent, a rate which was threatened last year by the Minister of Finance when he decided to cut back the rate of increase of these grants. His statement at that time undermined the morale of the teaching staffs at every medical university across this country, and did almost irreparable harm to the four newly formed medical schools.

In the past two or three days editorials have suggested that the government should spend the money set aside for medicare on medical research. This of course is ridiculous. But research should be a part of any complete medicare scheme. Members of this government have been seen by representatives of all the societies and associations of the medical profession and some of the most prominent and well-respected members of that profession have explained the situation, hoping to get a realistic amount of money, not for their own good but so that essential work might be carried on. But to no obvious avail.

Better planning and foresight on the part of the government would have resulted in a more realistic arrangement for looking after the health of the Canadian people. The research aspect is all part and parcel of the same deal. The government's attitude is comparable to organizing a public teaching system, and teaching only part of the curricula.

This government is encouraging private enterprise to do research for individual profit rather than for the benefit of the people of this country alone. The type of research which comes from private drug firms sets out to combine advantageously two or more well known drugs in a mixture which will bring a larger profit. Any worth while discoveries made in this or in other countries have been made by doctors doing university research. I might use insulin and penicillin, or even the sulphonamides as an example.

To my way of thinking, spending money along the lines I suggest would protect Canadians in at least two ways: it would keep the brains in Canada and it would allow the results of their research to be used to improve the health of Canadians and of others in the world, not solely for the profit of private enterprise. Let the medical schools have this 50 per cent annual guaranteed increase not as a gift but so that they may work for our health—

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Howe (Hamilton South): May I finish this sentence?

An hon. Member: Agreed.

Mr. Howe (Hamilton South): —the important thing being that the rate of increase could be counted on each year.

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): I am glad to reply tonight to the question asked by the hon. member. No one is more inclined to agree with him than I am that a lot more money is needed for medical research, for I have close relatives in the medical profession, and one particularly who is engaged in research work.

I would point out, however, that the government has done what it was possible for it to do. It increased by one third its contribution to research facilities. It is true that we planned a 50 per cent increase, but the problem—and it is a difficult one—is that each time we increase a grant or anything else we have to collect more money.

• (10:10 p.m.)

Those who are most reluctant to permit the government to increase taxation are members of the party to which the hon. member belongs. Recently we increased the old age pension and when the time came to raise the

necessary money the motion which we had to face came from the party to which the hon. member belongs. In any event the government is very aware of the importance of medical research to Canada. We also are very aware that there are problems in this field. There is the so-called brain drain to the United States. The government is aware of this problem and a new policy has developed over the last few years. I am very glad about this, because it will permit one of my brothers to come back to Canada.

[*Translation*]

EXTERNAL AFFAIRS—INQUIRY AS TO EXCHANGE ARRANGEMENTS BETWEEN CANADA AND FRANCE

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, on February 9 I put to the minister of Industry and of Defence Production the following question:

As a result of the trade mission to France and the report published in that connection, could the minister tell the house whether profitable relations and exchanges have been established between France and Canada regarding technical development and other joint projects?

Last year, a Canadian economic mission went to France with a view to promote closer relations between the two countries. A report has been published, and it would be interesting to know if practical results stemmed from those happy efforts.

From the standpoint of trade, the import-export picture between Canada and France represents a very small percentage, namely 1 per cent of all imports and exports between Canada and foreign countries. Our country would benefit very much by diversifying and increasing our commercial markets, particularly with a country like France who is a member of the European Common Market and in a position to export particular goods to our country in return for farm and manufactured products which abound here.

With respect to immigration in 1966, only 7,872 of a total 194,743 immigrants were of French nationality. There are various reasons for this small number of French immigrants. Canada should establish more immigration offices in France, we should invest more money in advertising programs and the R.C.M.P. should stop investigating each French immigrant, while immigrants from England and Ireland are accepted without any such formality.

French people should receive better assurance that they are most welcome in Canada and that skilled workmen will find here immediately upon arrival permanent and remunerative work.

In the industrial field, direct exchanges of qualified personnel, the establishment of joint industrial research programs and other common projects should be undertaken, so that knowledge and skill would complement each other. Canada should also seriously consider adopting the metric system, in order better to follow the technical and industrial evolution and contend with the aggressive and perfected foreign production.

In the field of investments, Canada would greatly benefit from French capital, and the trade and economic development of both countries would gain a great deal by it.

Any effort by the central government to increase all types of relations with France would please all Canadians, I am sure, and especially the 7 million French Canadians. A bicultural country like Canada has the tremendous advantage of establishing more easily close and profitable relations with the French speaking world and Anglo-Saxon groups.

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Mr. Speaker, the visit of the Canadian economic mission to France has clearly awakened interest in closer relations between the respective business communities.

Individual businessmen in both countries are responding to the encouragement by their respective governments that they seek to develop business with their counterparts. Among the initiatives which have been taken to follow up prospects, we know of Canadian companies which are pursuing particular opportunities with French firms, but we cannot divulge the nature of any of the negotiations now under way because of their private character.

To indicate the trend further, I can advise that we know of the intentions of groups of French businessmen from particular industries to visit Canada during our centennial year to explore trade prospects—in the aggregate a total of over 1,400 persons.

These increasing contacts will give rise to some technological exchange and probably joint ventures.

The full impact of the Canadian Mission will require time to reach and be seen in its full dimension.

May I assure the hon. member that each subject raised in his speech is carefully studied by both governments and businessmen of the two countries.

[*English*]

AGRICULTURE—EGGS—REPORTED RECENT DROP IN PRICES

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I welcome this opportunity to debate a serious situation prevailing in the egg market in Canada and particularly in the prairie provinces. I thank the Minister of Agriculture (Mr. Greene) for coming to listen to my presentation.

My argument is based on the following statement which appeared in the *Western Producer* where egg market prices are given weekly, and also on letters I have received from farmers in my constituency.

After the beginning of the month of January grade A large were selling in Saskatoon for between 20 cents and 29 cents per dozen. A week later prices to producers continued to drop and on January 24 in Saskatoon the price for grade A large was from 18 cents to 30 cents. Another week later the prices declined again. At the end of January in most markets grade A large eggs were priced at 17 cents per dozen.

This is a deplorable and very serious situation. The sad fact is that while prices for eggs have dropped in 1967, up to January 21 Canada had imported a total of 4,386 cases of eggs from the United States. These are subsidized eggs. Surely this is the most deplorable situation Canada has ever faced. We are bringing in these eggs in competition with our prairie producers. Our prices are dropping day by day, yet the Minister of Agriculture allows the importation of eggs from other countries.

To give you an indication of the seriousness of this problem I should like to put some statistical information on the record regarding the wholesale prices of Canadian farm products. These prices are from the Dominion Bureau of Statistics, using as a base the 1935-39 index of 100. In 1949 the index stood at 228.7 while in 1963 it stood at 229.9. This is an increase of slightly over one percentage point over a 15 year period.

Let me now refer to the index in respect of wholesale prices for field products. We find that in 1949 the index stood at 191.9 and that in 1963 it had decreased to 184.4 This is a deplorable situation and I should like the minister to consider it seriously. He is travelling from one province to another, and I am sure the letters he has received indicate that there is a problem in this regard. I hope he will look into this situation because farmers cannot be expected to sell grade A large eggs for 17 cents a dozen.

• (10:20 p.m.)

The minister may say there will be a deficiency payment based upon the price of 34 cents a dozen. But the trouble is that when the low prices on the prairie are added to the higher prices in the larger centres in the east, the average price per dozen may be about 34 cents, 35 cents or 36 cents. This will add only 2 cents per dozen to the prices we receive, which may be 20 cents or 25 cents a dozen for grade A large eggs.

I would like to stress this point. I know the minister will do what he can to resolve this problem. He can go out to the prairies and investigate for himself the serious situation. I would like him to do this, and he would be able to satisfy himself that this problem exists and do something to assist the prairie farmers who are faced with this situation.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I thank the hon. member for drawing this situation to my attention and commend him for his ever-vigilant interest in farmers' affairs, and particularly those affecting his own constituency. With respect to the stabilization payments, the deficiency payments, I think the hon. member will agree that we can at the federal level have only a national basis of deficiency payments. If we were to have regional deficiency payments we would but contribute to the fragmentation, economically, of the nation. Any program we have must be a national one.

I would point out to the hon. member that some provinces have provincial egg marketing boards which work in conjunction with our federal stabilization program and deficiency program, to achieve possibly a more perfect equity for farmers in those provinces. I personally am a believer in the system invoked by the National Dairy Commission, and I think under our constitutional concept the best set-up one can conceive in agriculture is provincial boards that work in conjunction and co-operation with a national board, so that both intraprovincial and extraprovincial marketing can be covered by these two entities within their proper jurisdictional authority.

It is my hope that in the not too distant future there will be a national egg marketing board of the same type and nature as the National Dairy Commission, and that this board can work in conjunction with similar provincial boards to achieve a greater stability in egg marketing and egg pricing and, I think, thus ensure greater justice for our egg producers.

I might point out that there certainly has been a drop in price in the past few weeks, but that during the past year egg prices have been much better than they have been over the past number of years. This of course encouraged increased production. Irrespective of general price trends during any production year there is always an increase of deliveries during mid-January and we always experience a drop in prices at that time. This year the mid-January problem has persisted over the past four weeks because of the current supply-demand picture. Present indications are that production is dropping off and it is expected that when the supply is more in line with demand, prices will become more firm. I can assure the hon. member that the Agricultural Stabilization Board is keeping this situation under constant review.

Mr. Rapp: The minister's suggestion appeals to me very much.

Motion agreed to and the house adjourned at 10.27 p.m.

HOUSE OF COMMONS

Friday, February 17, 1967

The house met at 11 a.m.

EDUCATION

REPORTED FINANCING OF U.S. STUDENTS BY CENTRAL INTELLIGENCE AGENCY

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Acting Prime Minister, no matter how far down the line that authority may be delegated this morning. I should like to put the question in this way. In view of reports from Washington that the Central Intelligence Agency has been financing students or student groups on campuses both in the United States and in foreign countries, does the government have any knowledge that any of the more than 3,000 United States students attending Canadian universities are financed directly or indirectly by the Central Intelligence Agency?

Hon. Paul Hellyer (Acting Prime Minister): Mr. Speaker, there is no such knowledge that I am aware of, and I expect this is true of all members of the government. However, I would be glad to refer the question to the other departments to confirm that.

Mr. Winkler: May I ask a supplementary question. Will the Acting Prime Minister have the matter investigated to assure us that the espionage division of the Royal Canadian Mounted Police has refrained from similar activities?

Mr. Hellyer: Yes, I can give that assurance, Mr. Speaker. I think I can give assurance on the other point as well, but I should like to inquire before doing so.

FINANCE

INQUIRY AS TO AMENDMENT OF INSURANCE ACT

On the orders of the day:

Mr. David Lewis (York South): I have a question for the Minister of Finance. I should like to ask if he can inform the house whether his department or the office of the superintendent of insurance is drafting legislation to amend the Insurance Act to overcome the difficulties that North American General Insurance experienced.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, some weeks ago I had a meeting with the association of general insurance companies, at which time we exchanged views on possible amendments to the act. These amendments are still under consideration, and I hope in due course to be making some proposals to the house.

Mr. Lewis: May I ask a supplementary question. May we expect the amendments to be presented some time this year? I realize it may not be possible to do so before the end of this session, but some time this year?

Mr. Sharp: I can say without equivocation it will not be during the present session. I hope it will be possible in the session that will begin after the end of the present session.

NATIONAL DEFENCE

NATO—PROPOSED WITHDRAWAL OF UNITED KINGDOM TROOPS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): My question is directed to the Minister of National Defence. In view of the British white paper on defence that was issued yesterday which forecast the withdrawal of 25,000 British NATO troops, can the minister tell us whether there was prior consultation with the Canadian government with regard to this new policy of the British government? Likewise, would the minister also tell us whether this is going to affect our own commitments to NATO.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, the British government had extended the courtesy of advising us in advance that they intended to announce this policy, and the matter is being studied here. I cannot say what our attitude might be. I expect this proposed policy will not have any immediate effect on our plans so far as NATO is concerned, but this, of course, would have to be studied by the government.

Mr. David Lewis (York South): A supplementary question. May I ask the Minister of

National Defence whether Canadian representatives on NATO supported or opposed the British proposal?

Mr. Hellyer: Mr. Speaker, I do not think it would be appropriate for me to indicate what position we might have taken in respect to this, but I think I can say in fairness and without doing any disservice to the normal channels of communication that anything which weakens the solidarity of the alliance and which would, until such time as a political settlement is effected in Europe, make it more difficult to keep this group of nations working together in a common cause would give us reason for some concern.

EXTERNAL AFFAIRS

INQUIRY AS TO POLICE REPORTS ON BOMBING OF YUGOSLAV BUILDINGS

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Solicitor General. I should like to ask him whether the government has a report available in regard to the bombing of the Yugoslav embassy buildings.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, this is a matter that has been dealt with in the house by the Prime Minister, and I would prefer that it be left in his hands.

EDUCATION

QUEBEC—REQUEST FOR FEDERAL INTERVENTION IN TEACHERS' STRIKE

On the orders of the day:

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question for the Prime Minister of which I have given him notice, but in view of the fact that the right hon. gentleman is not here I will address my question to the Acting Prime Minister.

Considering the educational crisis developing in the province of Quebec and the chance of a general strike in that province, I would ask the government and the Prime Minister whether they would consider the possibility of intervening under section 93 (4) of the British North America Act; or alternatively would they consider disallowing the Quebec bill No. 25 under the disallowance provisions of the B.N.A. act?

Mr. Ricard: The hon. member favours anarchy.

Mr. Speaker: Order. Perhaps the Acting Prime Minister may want to take this question as notice—

Some hon. Members: Oh, oh.

[Mr. Lewis.]

Mr. Speaker: —but for one thing, my understanding of the situation is that the bill to which the hon. gentleman refers has not been passed, so the question becomes hypothetical.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

PROTEST BY QUEBEC PREMIER RESPECTING PROGRAM "TIREZ AU CLAIR"

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to direct a question to the Secretary of State.

Following the protest by the Quebec premier and the statement made in the house yesterday by the Prime Minister (Mr. Pearson), has the Secretary of State ordered that an investigation be made about the refusal of the C.B.C. to allow Hon. Marcel Masse to take part in the program "Tirez au Clair"? Does the minister intend to inform the house later about the result of that investigation?

Mr. Speaker: Order. It seems to me that the hon. member's question is exactly the same as the one asked yesterday and I must take it for granted that it will be answered in due course.

[*English*]

SHIPPING

REQUEST FOR STATEMENT ON SAFETY AT SEA AND SHIP MANNING

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, now that the Acting Minister of Transport has been given his voice I wonder whether I could direct to him the question that I posed yesterday.

Hon. John N. Turner (Acting Minister of Transport): Mr. Speaker, yesterday the hon. member for Skeena asked whether I would be in a position to make a detailed announcement about the matter of safety at sea and manning scales of ships.

I can say to him that there was a meeting last week in Vancouver on these subjects, as he knows, and it was agreed at that meeting that all parties would deal with the towboat industry as soon as the laker project is completed. The laker project is proceeding; the draft in relation to lake vessels is well advanced and will be distributed to those concerned on both sides of the industry for comment. I expect that this will be done in the next few weeks.

Mr. Howard: A supplementary question, Mr. Speaker. Considering the clarity of the answer I wonder if I could direct a question to the Acting Prime Minister and ask if he would not make the Acting Minister of Transport permanent in this position.

Hon. Paul Hellyer (Acting Prime Minister): Mr. Speaker, perhaps I should attempt to—

Mr. Speaker: Order, please. I am sorry to have to disappoint the Acting Prime Minister.

NATIONAL MUSEUM

REPORTED REASONS FOR RESIGNATION OF DIRECTOR

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is to the Secretary of State. In view of the recent resignation of Dr. Richard Glover, director of the National Museum, is the minister able to say when this important structure will be built?

Mr. Speaker: Order, please. I suggest this question should be placed on the order paper.

Mr. MacDonald (Prince): May I ask a supplementary question?

Mr. Speaker: Order, please. The hon. member cannot ask a supplementary question on a question that has been refused. Perhaps he would ask a separate question.

[*Later:*]

Mr. David MacDonald (Prince): My question is for the Secretary of State and relates to the earlier question asked. I suppose it is more a related than a supplementary question. In view of the frequent criticisms of political interference and difficulties involving the National Museum, does the minister contemplate setting up some form of inquiry, that we may be relieved of the continuing resignations in this particular area?

Hon. Judy V. LaMarsh (Secretary of State): No, Mr. Speaker, I have not heard of any such complaint or criticism, at least during the term of my stewardship. I am informed Dr. Glover resigned, as has been suggested, mainly because it has not been possible to go ahead with the building. When he first came, he had been given an undertaking that the building would be constructed at an early date.

I do not know of any unrest such as my hon. friend suggests. Indeed my information from my staff is that there is no unrest.

Inquiries of the Ministry

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. I wonder if it is contemplated, in connection with the unrest which I think is recognized by most people except the minister, to include further parts of the Department of Indian Affairs and Northern Development within the Department of the Secretary of State. I am thinking particularly of the Historic Sites and Monuments Board.

Mr. Speaker: Order, please.

POWER

COLUMBIA RIVER—REQUEST FOR COMMITTEE CONSIDERATION OF FURTHER U.S. DEVELOPMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Energy, Mines and Resources. Has the minister received any representations recently from organizations or persons asking that the question of recent proposals for the increase in power in the United States at Grand Coulee dam, from 2 million kilowatts to 9.2 million kilowatts, be referred to the appropriate committee?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): The only person from whom I received such representation is the hon. member himself.

IMMIGRATION

ADMISSION OF EUROPEANS FOR WORK ON FARMS

On the orders of the day:

Mr. George Muir (Lisgar): My question is directed to the Minister of Manpower and Immigration. Is it government policy to allow into the country immigrants from Europe who have been guaranteed farm work on arrival?

Hon. Jean Marchand (Minister of Manpower and Immigration: Who have been guaranteed farm work? I did not hear the last part of the hon. member's question.

Mr. Muir (Lisgar): I am referring to immigrants who have been guaranteed farm work on arrival in Canada.

Mr. Marchand: Mr. Speaker, this is general policy. Simply because a person has a job in Canada does not mean that we accept that person. Other conditions are set out in the law.

Public Service Collective Bargaining

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I do not know to whom my question should be addressed; I should probably direct it to the government house leader, for it deals with an historical event that had not taken place since 1926, when the Meighen administration was defeated.

My question is as follows: In view of the fact that the hon. member for Mégantic (Mr. Langlois), after a virulent speech against a motion, voted in favour of the said motion, I should like to know whether it is the house leader's intention—

Mr. Speaker: Order.

Mr. Choquette: —to initiate procedures to—

Mr. Speaker: Order.

[*English*]

Order, please. The question is out of order. The hon. member cannot reflect on a vote of the house.

PUBLIC SERVICE

PROVISION FOR ESTABLISHMENT OF COLLECTIVE BARGAINING SYSTEM

The house in committee on Bill No. C-170 respecting employer and employee relations in the public service of Canada—Mr. Pearson—Mr. Batten in the chair.

On clause 2—*Definitions.*

Mr. Benson: Several months have passed, Mr. Chairman, since the house gave second reading to this bill, No. C-170, an act respecting employer and employee relations in the public service of Canada and to the related measures, Bill C-181, an act respecting employment in the public service of Canada and Bill C-182, an act to amend the Financial Administration Act, and referred them to the special joint committee for the purposes of study and report. My brief remarks at this time relate to all three measures, and it is not my intention to speak on clause 2 of the other two bills.

The special committee under the joint chairmanship of hon. Senator Bourget and the hon. member for Ottawa East has applied itself with great diligence and patience to a very important task. I am sure I voice the feelings of all the hon. members of this committee when I express the gratitude of hon. members to this special joint committee for the study they have given all three bills.

[Mr. Marchand.]

Previously the committee had reported on an act to amend the various superannuation acts, and has now had referred to it the matter of pensions paid to retired civil servants or their dependants. However, this latest reference to the committee is not in any way related to this legislation or to the reports made by the committee arising out of its consideration of these bills.

The reports of the committee on Bills C-170, C-181 and C-182 are set forth at pages 1259 to 1281 of *Votes and Proceedings* for February 3, 1967, where all amendments recommended by the committee are to be found. In addition the committee has ordered all three bills reprinted as amended, and these are now in the hands of all hon. members.

The committee held many meetings. Representations were heard from all associations and organizations representing civil servants, and from the central labour bodies and other interested groups. I think it can be said that the fullest hearing has been accorded to all those who have an interest in the public service. A great deal of effort has gone into the drafting of these measures and into the studies associated with their preparation. To this effort the committee has added its own very careful and very thorough study. I thank the hon. members of this house and those of the other place for their thoughtful work and the contribution they have made to this legislative program.

I know hon. members would want me to extend a special word of thanks to the joint chairmen. The proceedings took place in an atmosphere of calm reflection and deliberation. This is to the credit of the chairmen, its members and this parliament of ours. I believe there was no other interest in the minds of all hon. members except the interest of the people of Canada and their concern to ensure, as far as can be assured through legislation, that Canadians in the years to come would be well served by their public service.

I want to make clear now that the government is pleased to accept the amendments proposed by the committee to the bills. As we proceed in committee of the whole on the clauses of the bills those clauses will be called as amended, and I hope accepted, because in my view they strengthen the measures previously placed by the government before this house.

• (11:30 a.m.)

Mr. Bell (Carleton): Mr. Chairman, during my years in parliament few bills have

been presented to this house of more basic importance or lasting significance. Indeed, a more intricate and complex bill would be difficult to imagine.

The bill has had a most detailed study in the joint special committee, and in my view its passage through the committee of the whole need not be greatly delayed. The bill which has been returned from the committee is very greatly improved over that which was given second reading in this house. It is still far from ideal, and without doubt additional amendments and improvements will be required in the years ahead.

The immensity of the task of introducing a system of collective bargaining for the determination of pay and conditions of employment in the public service is well indicated by the statistics of total employment with the federal government. The latest available statistics were published in January of this year and are for July, 1966. Total employment with the federal government in July of 1966 was 372,890, of whom 223,850 were employed in departments or departmental corporations and 149,040 were employed in proprietary, agency or other federal corporations. It appears, therefore, that about 225,000 public servants are directly affected by this bill, and there can be no doubt that the pay and conditions of employment of the other 150,000 employed by crown corporations will be indirectly but very materially influenced.

The President of the Treasury Board has commented upon the work of the joint special committee. Personally I have never been a member of a committee which worked more harmoniously, more assiduously and with more complete freedom from political partisanship. That is as it should be. The public service of Canada is an immense credit to the nation. I suggest there is no public service anywhere in the world which exceeds the Canadian service in dedication, responsibility or ability, and there are many, many branches of the public service of Canada which are unequalled anywhere in the world in scholarship, accomplishment or achievement.

I am not generally in the habit of paying compliments publicly to hon. gentlemen opposite. Too often I have found such references to be treasured and used at the time of the next election. Nevertheless, I cannot in justice refrain from paying my respects to my friend of long standing, the hon. member for Ottawa East, for his role and attitude as Commons chairman of the joint special committee.

Some hon. Members: Hear, hear.

Mr. Bell (Carleton): His intelligent guidance of the committee, his firm, dignified but pleasant presiding manner made work on the committee a pleasure, and I thank him for it. I only hope it may help to win for him the long overdue reward of moving his office to the east wing of this building where he may join the Senate chairman. I can say that because I think it would make the role of the party to which I belong much easier in Ottawa East.

The magnitude of the committee's work is best illustrated by the fact that during some 39 sittings a total of 182 amendments were made to the bill, as I count them. I think this must be something of a parliamentary record. Of the 182 amendments, I calculate 49 are of substance and greatly improve the bill originally presented to the house. A better justification for the committee system could hardly be found.

Much of the credit for the improvement in this bill belongs to those who presented briefs. Those briefs were studious and informed. Those of the staff associations reflect great credit upon the calibre of the leadership and research qualities of these organizations. The assistance of such distinguished public servants as Dr. George F. Davidson, Arnold D. P. Heeney, Q.C., Mr. J. D. Love and Mr. P.M. Roddick was invaluable.

Despite this, Mr. Chairman, I remain unconvinced that the government has chosen the wisest course in the presentation of this bill. In my view a better and a wiser course would have been to undertake a complete revision and modernization of the Industrial Relations and Disputes Investigation Act and the inclusion therein of a separate part reflecting the different circumstances in the public service. The closer the provisions for collective bargaining in the public service are brought to provisions for the private sector, the better it will be for both, I am convinced.

There is no doubt that without substantial amendments the I.R.D.I. Act would not immediately meet the needs of the whole public service, though it might well apply to the post office as it does to crown corporations today. But the act, that is the Industrial Relations and Disputes Investigation Act, is in my view out of date for the private sector and is in most urgent need of revision to conform to modern thinking in industrial relations. It would have been much better to revise that act and divide it into three parts; first, the general sections which would apply across the board to the public service and the private

sector alike; second, those provisions which by their nature are applicable only to the private sector under federal jurisdiction. The third part would be those provisions which by their nature are applicable only to the public service.

Several of the briefs before the committee made vigorous representations that an amended I.R.D.I. Act and not this bill should be used. Notable among these were the briefs of the Canadian Union of Postal Workers, the Letter Carriers Union of Canada, the Canadian Labour Congress, and the lithographers and the typographical unions. I have considerable sympathy with their submissions. However, the die is cast otherwise and I raise the matter only to say this. No doubt as a result of the study by the task force headed by Dean Woods a modernization of the I.R.D.I. act will be undertaken by parliament within the next two or three sessions, if not earlier. By that time there will have been experience with this bill. Its deficiencies will likely have been disclosed. At that stage I believe the government then in office should give careful consideration to the consolidation of the I.R.D.I. act and this bill into a new three part employer-employee relations code applicable in the manner I have suggested to both the private sector and the public service.

The success of the present bill, C-170, will be largely dependent upon the calibre and qualities of the public service staff relations board. I urge upon the president of the Treasury Board and the government to spare no pains to obtain as chairman and vice chairman persons of the highest excellence. Reports are circulating that the chairmanship will be offered to Professor Jacob Finkelman. I hope the rumours are true, because I believe there is no man in Canada more scholarly and enlightened yet more down to earth and practical in the field of employer-employee relations than Professor Finkelman.

Equally, Mr. Chairman, the initial stages of this legislation will require of the bargaining agents a high degree of responsibility and what I may describe as employer-employee statesmanship. Without it bickering, unrest and loss of morale in the public service could be the result.

A major improvement in the bill, without which I could not support it at all, was the complete revision made in relation to the time the bargaining agent must choose between compulsory arbitration or the alternative of conciliation with the right to strike. In the bill as originally drafted this election had to be made before certification, a time when the election might well be mischievous. The new provisions permit the delaying of election until immediately prior to the commencement of negotiations, clearly a time when the will of the employees themselves is most likely to be known.

The committee was confronted with a grave problem in respect of the rather considerable number of employees in a managerial or confidential category who will be excluded from the operations of this bill. In fact these employees, numbering many thousands, would be in a less favourable position than at present, since they will be deprived of their existing right of consultation pursuant to section 7 of the Civil Service Act, without being brought under this bill and the provisions of collective bargaining.

The special joint committee has strongly recommended the establishment of an advisory committee on the model of the standing advisory committee for the higher grades in the public service in Great Britain. Before this bill clears committee, we on this side of the house will expect a specific and unequivocal commitment from the President of the Treasury Board that the government will establish such an advisory committee.

This leads me to submit that there is still a useful and constructive role for the national joint council. That council has many substantial accomplishments to its credit. I believe it can still perform a most valuable service for all public servants in fields not covered by collective bargaining; for example, superannuation. Before the committee stage of this bill is concluded we shall expect a statement of the government's intentions in respect to the future of the national joint council.

• (11:40 a.m.)

Then, sir, I wish to draw specific attention to the recommendation to the joint special committee as follows:

> Your committee recommends that the government consider legislation to continue the pay research bureau and to provide for the data collected thereby to be available to the bargaining parties under Bill C-170.

I have perhaps a paternal interest in this bureau, because one of my first acts on election to this parliament was to urge its establishment. I succeeded in this urging. It was first established in 1957 on the recommendation of the gentleman for whom I then served as parliamentary assistant, Hon. Donald M. Fleming, minister of finance. Despite some growing pains and some shaky techniques at

the outset, the bureau has been of tremendous value in the process of pay determination. I think it is most urgent that in the future there be impartial and factual research about comparability of salary and wage levels in the public service with equivalent categories in private industry. The results of this research, I submit, must be available equally to the bargaining parties. I ask the minister to give the committee an unequivocal undertaking that the government will carry out this recommendation of the joint special committee.

I believe it is of special interest to members of parliament that under this bill the staffs of the Senate, the House of Commons and the library of parliament are excluded. The joint special committee has recommended amendments to the Senate and House of Commons Act, the House of Commons Act and the Library of Parliament Act to provide to these employees rights and advantages similar to those which this bill provides. I confess to some surprise that the President of the Treasury Board has not already arranged the introduction of such amendments to these three acts so they could be considered in association with this bill. I ask the minister to make clear at once the intentions of the commissioners on internal economy and of the government in this regard. The employees in this building must not be placed in a position less favourable than that of other public servants. I submit the amendments to the three acts should be introduced at once and enacted at this session.

During the hearings of the joint special committee the question was raised—and I pursued it—of the inclusion in the bill of a so-called conscience clause to permit the exclusion of those persons who on grounds of religious belief or training object to membership in a bargaining agency or to the payment of fees or dues thereto. It is true that the number of such persons is small, but there is a basic principle involved. In a number of other jurisdictions the matter has been settled by the inclusion of a conscience clause which would permit the objector to make a contribution to an approved charity of an amount at least equal to the fees or dues that otherwise would be payable. I do urge the minister to adopt the model contained in the Saskatchewan act of 1965 as amended in 1966. If he does not do so I propose to test the opinion of the committee of the whole by an amendment at the appropriate time.

The most unfortunate by-product of this legislation is the red circling program. Without doubt collective bargaining requires a simplification and rearrangement of the 700 classes and 1,400 grades which there have been previously in the public service. But in reducing the number of classes to something like 70 the government has brought a grave injustice to thousands upon thousands of civil servants, and has created more unrest and loss of morale than at any previous time ever existed in the public service. I deplore the way in which the red circling was carried out. What I am unable to comprehend is how the Civil Service Commission can be so confident that its present reclassification program is correct, when all it does is overrule and set aside classifications made by that very commission in years gone by. How is it that the commission made so many mistakes—indeed, 10,000 mistakes—in earlier years but has now achieved infallibility? It is the ordinary civil servant who is being made to pay for those alleged mistakes on the part of the Civil Service Commission.

Again, I strongly suggest to the President of the Treasury Board that the only fair way to settle this red circling fiasco—and that it is—is to exempt incumbents completely and permit them to have and enjoy all the advantages which would have accrued to them had their position not been red circled. The reduction in classification would become effective when the position was next filled, when the successful applicant would accept the position with his eyes open.

Red circling is not the only headache there will be in the institution of collective bargaining. There will be other complications and other growing pains. No doubt this bill will require amendment from time to time. Collective bargaining will not create a new valhalla for public servants. But in this day it is inevitable and desirable. I intend to support this bill, with reservations in respect of certain clauses which I shall express when we reach them. My earnest hope is that under collective bargaining the government of Canada will prove to be a model employer, and that the enactment of this bill will accrue to the advantage not only of public servants but of all Canadians.

Mr. Lewis: Mr. Chairman, I should like to join the President of the Treasury Board and the hon. member for Carleton in extending to the hon. member for Ottawa East and his co-chairman from the other place my con-

gratulations for the good temper they exhibited through many days of sometimes pretty sharp exchanges. I should like also, and I believe the hon. member for Ottawa East will approve of my doing so, to extend our thanks to the clerk of the special joint committee, Mr. Thomas, who by some miraculous accomplishment knew exactly what we had left out, what we had stood aside and when we came back to it and why. Without his services I am sure half the bill which is now before the house would have been lost somewhere under the tables of the special joint committee.

I should also like to pay a special tribute—not merely for politeness but for reasons which I will make clear in a moment—to the competence and thoughtfulness with which the officials of the Treasury Board and the Civil Service Commission presented their propositions to the committee and listened to suggestions from members of the committee. I should like to pay tribute particularly to Dr. Davidson and the two gentlemen who now are in front of the President of the Treasury Board, Mr. Love and Mr. Roddick.

I pay this tribute, as I said, not only in politeness and out of a sincere appreciation of the work they did in the committee, but particularly because my experience has taught me that no matter what law you may have and what kind of collective bargaining scheme you may set up whether it will in fact work will depend on the aptitude, the generosity, tolerance, intelligence and competence of the parties at the bargaining table. I am persuaded that if the President of the Treasury Board lets his officials do the collective bargaining, the collective bargaining will be done in the right spirit.

• (11:50 a.m.)

That is not to say that he himself might not have the same kind of spirit, but he was not before the committee. I am confident that Dr. Davidson and his associates will approach the collective bargaining process with a sense of their duty as representatives of the government and people of Canada, and with an appreciation of the collective bargaining process which augurs well for the success of the collective bargaining régime.

Mr. Knowles: And the President of the Treasury Board is perhaps not as permanent as his officials will be.

[Mr. Lewis.]

Mr. Lewis: My friend the hon. member for Winnipeg North Centre points out that the President of the Tresury Board is not as permanent as his officials may prove to be.

Mr. Benson: Oh, just about.

Mr. Lewis: I also want to say a word about the work of the committee. In recent months a good many members of parliament have indulged, as I have—this includes several members of the government and, if I remember correctly, the hon. member for Hochelaga has written about it—in the exercise of calling for a revision of the rules and procedures of parliament in order to bring our work more in consonance with modern requirements. There was no better example, it seems to me, of one of the ways in which parliamentary procedures can be improved than the work of this committee and other committees on which I have served and about which I have been told. It has always seemed to me that when we sit around the table at a parliamentary committee meeting we become a great deal less partisan than we are on the floor of this house. In committee we tend to be much more concerned with the merits of the subject matter before us than with taking positions and stances that are intended for some kind of political projection.

I urge that we learn from the work of these committees and try to find ways of not only handing more important legislation to the committees but of ensuring that the work done by the committees is not repeated on the floor of this house and in committee of the whole, as has happened in the case of one or two bills. I have learned that in committee, much more than in the house it is possible to persuade the government to accept changes if one has reasoned arguments to support them. It is much easier, at least, than persuading them to accept changes in this chamber. I am confident that we can improve the work of this parliament a great deal by not only extending the functions of parliamentary committees but giving those committees powers which they do not now have and arranging our parliamentary rules in such a way that the work of committees, as I have said, is not repeated on the floor of this house.

I am not going to try to cover all the points of this bill. I think the minister was right, and perhaps he understated the position, when he said the bill had been improved by the special joint committee. In my view having taken, as he knows, together with my colleague the hon. member for Winnipeg North Centre, the hon. member for Carleton

and other members of the committee a very active part in seeking changes, Bill C-170 as it now lies before the members of this committee bears hardly any resemblance in basic principle to the bill which the government originally presented. The changes which have been made are not merely changes of detail or procedure. In every case the amendments that were made, and which the government members on the committee accepted, let me add—the remark I am making is not partisan—were changes of fundamental substance, which now make this bill closer to a genuine collective bargaining bill than it was when first introduced.

Having paid a compliment to the officials of Treasury Board, let me now say something which may not be as complimentary to them. I found in dealing with them in the committee that the original approach of the government and the officials had been to grant the public service employees collective bargaining but to fence it around in such a way that it really would be no more than a shadow of any real collective bargaining process. There was obviously a fearfulness on the part of the officials, which no doubt reflected the attitude of the government, that if there were full collective bargaining the whole thing would run amok, and they wanted to be sure there were limitations here and limitations there, with every "i" dotted and every "t" crossed in such a way that nothing would have been left for real collective bargaining.

It is therefore a great tribute to the officials and those who instructed them to say that when we were able to persuade them, in most cases, of the value of some fundamental change they later came back with wording appropriate to meet the request which was made. I repeat that the bill now before this committee is entirely different in basic principle from that which appeared before us on second reading. That is why, despite the fairly severe criticisms representatives of my party made of the original bill, we will support this bill and its companion bills with much greater happiness than we could possibly have done before.

I have still several very serious reservations about the bill. If committee members will permit me to refer to it, I would say that I had occasion to spend a day last Wednesday with a large group of representatives of the Public Service Alliance, postal employees and others interested in this legislation. I went over with them, so far as I could, some of the matters that will be concerning them in practical negotiations on the basis of these bills. They informed me that Dr. Davidson and Mr. Love, as well as the President of the Treasury Board, had met with the group the day before.

I suggested to them, as I say to the committee now, that there are still some serious difficulties about this bill on which they ought to keep a very careful eye. If the practice shows that those difficulties are real, it will be the duty of this parliament to make the necessary amendments to overcome them. The first difficulty—and I do not put these forward in any order of importance—is represented in the clause now before the committee and on which these general statements are being made. The wording of the exclusions is still extremely broad. It will be easy for the employer to abuse his powers if he wishes to do so. It will be easy for the employer to seek exclusion to such an extent as to remove from the process of collective bargaining thousands of men and women who ought not to be removed from it.

I am very concerned about the breadth of the language in many of the subclauses of clause 2 of the bill. We discussed them at great length in the committee. If I may make a personal reference, I sometimes felt I was making myself an extreme nuisance to the other members of the committee by insisting and digging in my heels on a number of points in this clause, as in others. We made some important changes in this clause, but to my mind some parts of the clause are still far too wide.

• (12:00 noon)

Whether the broad wording will in fact be a disservice to the collective bargaining process and to the excluded individuals will depend on the integrity and care with which the employer—in this case the government, or according to this bill, the Treasury Board —will seek to interpret the broad language used in clause 2.

I agree with the hon. member for Carleton—he and I both raised the matter before the committee—that in view of the fact that literally thousands of public service employees will be excluded from the process of collective bargaining under the heading of managerial and confidential employees, it is of the greatest importance that the recommendation of the special joint committee that a special advisory committee be set up to deal with the government in relation to the terms

and conditions of work of such excluded personnel be carried out by the government.

In order to ensure that the government would not use its usual language, namely "we will do it soon" and—"soon" is the most elastic word I have ever heard since I have been on the floor of the house, a word which may mean anything from one to 100 years—I moved that the committee unanimously accept a time limit on this recommendation specifying that the government is to establish this advisory committee within six months from the time these bills are passed. We will watch very carefully to see whether the government will in fact act within six months to set up this committee to deal with the thousands of excluded personnel as a result of the practical application of the bill now before the committee.

However, I am a great deal more disturbed about another matter which I asked members of the house to consider very carefully. We will not move any amendment to these bills on this point either at this stage or at any stage because we have reached the conclusion—and I may say that the people whom I met last Wednesday told me they agree fully with this approach—that the important thing is to get these laws into action as quickly as possible and with the least possible delay, so we may acquire a year or two of experience under these laws. If changes are necessary we will be able to make them on the basis of practical experience rather than attempting to foretell what may happen. My concern stems from the fact that a huge and important area of normal employer-employee relations is excluded from collective bargaining under Bill C-170 and its two companion bills, C-181 and C-182.

I am referring to the areas of classification, appointment, promotion, demotion, lay-off and release of employees. For example, the red circling fiasco to which the hon. member for Carleton referred would not have arisen if there had been collective bargaining on the question of classification. In every case with which I have had some experience where reclassification has taken place the union, if it was strong enough, was able to achieve the result which I suggested in a few questions to the President of the Treasury Board some months ago and to which the hon. member for Carleton referred in his speech this morning, namely that the red circle rates should not apply to incumbent employees. I suggested that the incumbent employee should continue to receive the old rate and all the increases given to other employees, and that the red circle rates should apply only to a new employee in the particular position affected. This is the only way to deal with red circling, because otherwise the government is punishing an employee by unilaterally changing the understanding on which the employee accepted the job. This problem would not have arisen if there had been collective bargaining on classification.

I am very worried that the largest part of job opportunity and job security is excluded from collective bargaining. The reason we finally decided, after many hours of argument, to let it take its course and see how it works, and the reason we were given for the exclusion of this area from collective bargaining, was the desire to maintain the merit system and to ensure that only the Civil Service Commission, or the public service commission as it will be called, will have any authority in making decisions and setting standards with regard to the merit system.

I was not convinced of that at that time and I continue to be unconvinced that it is impossible to bring these areas within collective bargaining and at the same time guarantee that the merit system will continue. I am unconvinced that it is impossible to wed the merit system to seniority, length of service and all the other aspects of job security sought by employees. I continue to feel certain that it would have been possible to do so, but the officials of the department and the representatives of the Civil Service Commission insisted that it was not.

Therefore we decided, and I hope the future will show it to be a wise decision, to let it go for the moment and see how it will work in the next two years. However, let me reiterate to the President of the Treasury Board and to his negotiating officials that this is an area which worries the public service employee representatives more than any other section in the present bills. To give a simple example, they are deeply concerned that on Monday they may negotiate with the government and reach an agreement on a certain rate of salaries, and on Tuesday have that rate eroded by unilateral reclassification in the same way the red circling has affected employees without the right of collective bargaining. This is what has happened on many occasions in private industry.

Therefore let me be presumptuous enough as to say to the President of the Treasury Board and his officials, as well as to the public service commission to be set up, that if

those bodies so apply the unilateral exclusive right of classification and appointment of employees, etc., as the law as it is presently worded permits them, and thereby irritate the public service employees, this collective bargaining process will be in danger the day after it begins.

I urge those in the government who are responsible for collective bargaining to make absolutely certain that every avenue of consultation, information, appeal and discussion be explored so the employees concerned are persuaded that they will not suffer as a result of this exclusive power in the hands of the authorities, and as a result of the exclusion of this important area from negotiation.

As I said on second reading of this bill, I continue to be worried about the powers given to the staff relations board and the numerous duties that have been laid upon it, those of certification, of deciding what is to go to conciliation after the negotiations have broken down, of dealing indirectly with adjudication, and a whole host of other responsibilities and duties. I still have a strong feeling that the board will encounter a great deal of difficulty in the practical working out of its functions. Since we were dealing with a field which had not been previously tried it was thought wiser, after drawing these difficulties to the attention of those responsible, to hang one's doubts on the clothes line for the next year or two and see how the staff relations board works out in practice.

• (12:10 p.m.)

My colleague the hon. member for Winnipeg North Centre shares these doubts and reservations. I am still very unhappy over the lack of appeal open to an employee dismissed for alleged security reasons. The old section of the Civil Service Act was brought into a companion bill without, in my opinion, sufficient amendment. It is true that after some discussion a provision was inserted providing for a hearing, although the details of that hearing are not put into legislation. This is somewhat of an improvement. I still feel deeply unhappy, however, about the fact that anyone can be dismissed for any reason without being able to appeal to some independent body and have his day in court. We did not press this much further than the amendment we obtained, and which now provides for a hearing, in the hope that the cases will be so infrequent and the actions of the authorities will be so definite and well grounded there will be no injustice in fact.

Now, Mr. Chairman, I think I have covered the points I wanted to make. I want to deal with only one final point. After a great deal of discussion about political activities of public servants we were finally presented with a proposition the fullness of which is found in Bill No. C-181 but which leaves us in this party dissatisfied. I have never been able to understand, and I cannot understand now why, subject to certain exceptions, the public service employees should not enjoy the full political freedoms and rights that other citizens of the country enjoy. I just cannot understand it.

I was disturbed beyond words, Mr. Chairman, last Wednesday when I met with a group of the leaders of the public service of Canada and discussed this question of political rights. A leading spokesman said at that meeting that one of the reasons public service employees are not particularly anxious about political rights is not that they do not want them but that many civil servants are afraid that if they are given political rights some of their superiors will demand that they exercise them in a certain direction. Apparently there is a fear about this in the public service which must be widespread. I cannot say from my own experience that this is so, but it must be widespread or this particular gentleman who holds an extremely important position in one of the public service organizations would not have made that statement in the presence of 90 or 100 other leaders of public service employees.

I regret there is this fear amongst employees of the federal government that if they are given such rights some misguided superior, some irresponsible superior, will insist that they exercise those rights in the direction of one political party or another. I am not saying this merely to be friendly or courteous, but if that is the case I am sure it is not the fault of this government or the immediately preceding government, although I am equally sure it is the fault of governments in the past when patronage controlled appointments and promotions in the civil service. This tradition has persisted, and I think it is shameful that it should continue.

One of the ways to remove this fear is to give the people concerned full political rights, and give them protection. In some ways this bill does give protection against discrimination for exercising or failing to exercise political rights. I want to emphasize before

this committee, as we had occasion to emphasize again and again before the special joint committee, that those of us who urge full political rights for public service employees are not saying the bill should require them to belong to a party or support a party. This is not what is before parliament or the public service employees. What is before us is the removal of an inhibition that the law previously contained. Civil servants will be as free to be just as apathetic about their political duties as the rest of the people of Canada so frequently are. There would be no compulsion that they exercise the rights which would be given. There would be provision merely that if they wanted to exercise them they could do so.

The proposal which was made to us and which is contained in Bill C-181, Mr. Chairman, contains one absurdity and one humiliation. The absurdity is that this proposal provides that a public service employee may make a contribution to a political party or attend political meetings but he is prohibited, not in so many words but in the total provision, from being a member of a political party. Later one finds he is permitted to apply to the public service commission for permission to be a candidate for a political party. I do not know very much about the constitution of other parties in this parliament, but I would be very surprised if the Liberal party, the Conservative party, the Social Credit party, the Ralliement Créditistes or the independent party, if there is one, were different from the New Democratic Party on the point that before you can be a candidate you must be a member. Certainly our constitution provides it. I am told the Conservative party constitution provides that, and I would be surprised if the Liberal party constitution did not have a similar provision.

The Deputy Chairman: Order. I regret to interrupt the hon. member, but the time allotted for his speech has expired.

Some hon. Members: Continue.

Mr. Bell (Carleton): I am prepared to agree, but I venture to suggest the hon. gentleman should confine his remarks to this bill. Some of us want to make speeches on the subject he has been discussing, but we are waiting until the next bill is before us.

Mr. Lewis: There is a reference to this matter in this bill. There is a reason for my speaking about it now, and that is that I may not be here when the other bill is before the committee. I admit frankly it would be more in order to discuss the matter then, although I disagree it is not in order now. I will not be very long.

If a political party requires that before you can be a candidate you must be a member of that party, I should like someone to tell me how the right to be a candidate which is now being extended under certain conditions means anything, if the public service employee is not permitted to become a member of a political party. I hope before this bill leaves committee of the whole we will close the gap in this absurdity. If we really intend that public service employees have the right to be candidates under certain conditions, we will give them the right to be members of political parties. Otherwise the right to be a candidate is a sham and meaningless.

The other point I was going to raise, and I will do so very briefly, was that I still think it is absurd and humiliating that every public service employee, no matter how lowly his job, no matter how lowly his responsibility, must go to the public service commission for permission to be a candidate in a federal or provincial election. I could not see any reason for this humiliation when the special committee met and I cannot see any reason for it now.

• (12:20 p.m.)

Despite the reservation I have expressed, and subject to one or two amendments we shall try to propose in this committee of the whole, we are very happy with most of the very important changes that have been made in the bill. I trust that Treasury Board, the officials, the president of that board and the government will conduct themselves as employers in such a way as to make collective bargaining in the public service a reality and a benefit to the employees of the public service, to this parliament and to Canada.

Mr. Thompson: Mr. Chairman, while not having had the privilege of serving on the committee that dealt with the legislation now before us I must say that, having watched the progress which has been made, and upon examining the bill before us which has been amended, reprinted and reported by the joint committee, can only be impressed by the tremendous amount of constructive work that has been done. For this the committee is to be commended; certainly the bill now before us is much more satisfactory than the original

one. Likewise, Mr. Chairman, we would express our appreciation of the fact that the President of the Treasury Board has stated here today that it is the policy of the government to accept the various amendments which have been agreed to in committee.

I wish to speak on a very limited area of this legislation today. I believe that, apart from this general area, most of the amendments that have been made and which improve this bill meet with the approval of the members of this party. Nevertheless I am inclined to say something which I think is basically important about which the bill does not satisfy us, and in regard to which in my opinion there must be further amendments to strengthen the bill.

The hon. member for Carleton referred to the fact that he intends to move a conscience clause. May I say that we in this corner of the house will give our fullest support to such an amendment, because it is imperative that it be included in the bill. While the bill does set out very clearly the right of public servants to collective bargaining, unless this particular aspect is properly taken care of in this legislation I think this provision will work a very grave injustice upon many members of the public service and will thus be detrimental to the service itself.

It is in this vein that I should like to continue my remarks, and I begin by posing several questions which I think must be answered. What really is the meaning and actual scope of freedom of assembly, freedom of association and freedom of religion as declared in the Canadian Bill of Rights? What is the result of allowing the employer and the union, the employee organization, to include in a collective agreement a provision which in effect intimidates and/or threatens and/or compels an employee to continue to be a member of an employee association?

I would further ask, Mr. Chairman, what protection does the government offer to civil servants who for various reasons, religious or political, cannot in good conscience join with and financially support a particular employee organization? Does it mean that one only has the freedom to do what the majority tells one to do? What does freedom of association actually mean as far as the bill of rights is concerned if compulsory membership in an employee organization is a requirement of this bill?

I would further ask whether the government intends to issue an order to all its employers, its agencies, boards and commissions should this bill become law as it is presently framed, instructing them to safeguard Canadians rights to freedom of association, freedom of religion and freedom from coercion, compulsion, discrimination and intimidation. While this may seem to be a very minor aspect of this bill, Mr. Chairman, it is of vital importance to the well-being of all Canadians and to the perpetuation of the traditional way of life that we in Canada regard as so important.

I should like to refer very briefly in this connection to the provisions of the Canadian Bill of Rights. The preamble to the act reads:

> The parliament of Canada, affirming that the Canadian nation is founded upon principles that acknowledge the supremacy of God, the dignity and worth of the human person and the position of family in a society of free men and free institutions;
>
> Affirming also that men and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law;
>
> And being desirous of enshrining these principles and the human rights and fundamental freedoms derived from them, in a bill of rights which shall reflect the respect of parliament for its constitutional authority and which shall ensure the protection of these rights and freedoms in Canada:

It was on this basis that the bill of rights was enacted, Mr. Chairman, and everyone in the house at the time voted in support of it. There are a few sections of this act to which I should like to make reference as they relate to this particular problem that the bill before us presents. Section 1 in part I reads as follows:

> It is hereby recognized and declared that in Canada there have existed and shall continue to exist without discrimination by reason of race, national origin, colour, religion or sex, the following human rights and fundamental freedoms, namely,
>
> (a) the right of the individual to life, liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except by due process of law;
>
> (b) the right of the individual to equality before the law and the protection of the law;
>
> (c) freedom of religion;
>
> (d) freedom of speech;
>
> (e) freedom of assembly and association:

That last provision is the one which gives me concern for this bill, Mr. Chairman. Freedom of association also carries with it the implication that there shall be freedom not to associate. It was former Governor General Vincent Massey who said:

> Freedom always faces dangers. A free people remains free only through daily acts of courage. A nation's bravery in war cannot atone for timidity in time of peace. We deny our freedom if we do not speak when there is something to be said.

It is support for this thought that causes me to speak in this vein today. We want loyalty and dedication in our public service, and I believe we have it now. I would agree that we have one of the finest public services of any free country in the world. As Sir Wilfrid Laurier said:

Freedom breeds loyalty. Coercion always was the mother of rebellion.

I believe that if we are to preserve the loyalty and perpetuate the dedication that we have in our public service at the present time we must be very careful to enshrine in the legislation that we pass in this house basic freedoms which, in my opinion, would include the right of freedom to associate as well as freedom to dissociate.

• (12:30 p.m.)

I mention another thought in this regard. Section 2 of the Canadian Bill of Rights says:

Every law of Canada shall, unless it is expressly declared by an act of the parliament of Canada that it shall operate notwithstanding the Canadian Bill of Rights, be so construed and applied as not to abrogate, abridge or infringe or to authorize the abrogation, abridgment or infringement of any of the rights or freedoms herein recognized and declared,—

Section 3 says:

The Minister of Justice shall, in accordance with such regulations as may be prescribed by the governor in council, examine every proposed regulation submitted in draft form to the clerk of the Privy Council pursuant to the Regulations Act and every bill introduced in or presented to the House of Commons, in order to ascertain whether any of the provisions thereof are inconsistent with the purposes and provisions of this part and he shall report any such inconsistency to the House of Commons at the first convenient opportunity.

I ask the President of the Treasury Board whether this legislation has been referred to the Minister of Justice, to comply with the section of the bill of rights I read. Unless we have the assurance of the Minister of Justice that the provisions of the bill before us are consistent with the bill of rights, we have failed in our examination of this bill.

I urge that before this bill is given final passage we refer it to the Minister of Justice. The bill of rights was passed; we support it as being right. This bill should be consistent with the bill of rights especially with section 3 of part 1 of the bill of rights. I ask that the present bill be referred to the Minister of Justice. We want him to see whether clause 8(2)(c) is consistent with section 3 of the bill of rights. It is vitally important.

[Mr. Thompson.]

I draw the attention of the committee to another important declaration of human rights. Last December I was privileged to be at the United Nations when the universal declaration of human rights was given final passage through the assembly. The United Nations had worked on this matter for 20 years, in draft form. It had been the basis of the agreement that each country made when it became part of the United Nations. I do not intend to go over the entire declaration of human rights; that is now part of the constitution of the United Nations in its final form. I merely want to refer to one or two sections. The preamble says:

Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world...

Whereas member states have pledged themselves to achieve, in co-operation with the United Nations, the promotion of universal respect for and observance of human rights and fundamental freedoms—

Article 1 says:

All human beings are born free and equal in dignity and rights.

Article 18 says:

Everyone has the right to freedom of thought, conscience, and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

I mention clause 18 because it is a conscience clause, and relates to clause 8(2)(c) of the bill before us.

Article 20 says:

(1) Everyone has the right to freedom of peaceful assembly and association.

(2) No one may be compelled to belong to an association.

If this legislation compels every member of the public service to belong to a specific or specified association, it contravenes article 20 of the universal declaration of human rights.

Mr. Knowles: Would the hon. member permit a question? He refers to clause 8(2)(c); I take it he has it in front of him. Does not that clause protect the right of any employee either to join or not to join an employee organization?

Mr. Thompson: Mr. Chairman, as I read the clause I cannot agree that it gives adequate protection to join or not to join. I am confused about one part of the clause. I do not want to become involved in a clause by clause

discussion at this time; that will come later, but the point concerning me is this. Clause 8(2)(c) says:

(c) seek by intimidation, by threat of dismissal, or by any other kind of threat, or by the imposition of a pecuniary or any other penalty or by any other means to compel an employee

(i) to become, refrain from becoming or cease to be—

The next sentence which is very confusing says:

(ii) except as otherwise provided in a collective agreement—

Mr. Benson: "To continue to be."

Mr. Thompson: That is very confusing.

Mr. Knowles: The hon. member should read the rest of the sentence.

Mr. Thompson: I should be glad to do so. It says:

—a member of an employee organization, or to refrain from exercising any other right under this act;

We shall debate this in detail, but as I read this it does not in my opinion protect a public service employee who does not wish to belong to the public service organization specified in the collective agreement.

Mr. Knowles: Does not that very clause make it clear that even a collective agreement cannot compel an employee to become a member of an organization? The most a collective agreement can do is to guarantee that those who have already become members voluntarily shall continue to be members.

Mr. Bell (Carleton): It does not cover the Rand formula.

Mr. Thompson: We shall discuss this in detail later. There have been a number of instances this past year, with respect to collective agreements which lead me to believe that unless these freedoms are spelled out more specifically than they are spelled out here we shall leave ourselves open to the very things I fear and to which I have referred. This matter may be debated more fully at another stage.

My answer to the hon. member for Winnipeg North Centre is this. I do not think the clause does what he says it does. For that reason I drew the attention of the committee to the human rights declaration, and I now refer to article 23, which says:

Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment...

Everyone has the right to form and to join trade unions for the protection of his interests.

From this article I draw the inference that an employee also has the right not to join any such organization. That is the aspect I stress, and I want this bill to protect that right of not joining. Before this bill passes I believe hon. members should scrutinize it carefully to make sure it gives protection to public servants and enables them to join the association of their choice. There are one or two aspects of this question which I think will be adequately covered in the conscience clause, and we shall wait to see the amendment which the hon. member for Carleton has said he intends to move in this regard.

• (12:40 p.m.)

There is precedent for such protection. One of the most far reaching legislative provisions in Canada in this field was passed in the province of Saskatchewan last summer. I refer to the Trade Union Act which was amended by a provincial statute in 1966 and became effective in that year. The hon. member for Carleton has already mentioned it. I would also point out that in the conciliation and arbitration act of 1954, New Zealand makes a similar provision. Likewise the Commonwealth of Australia includes a similar provision in its arbitration act. There is therefore definite precedent for including a conscience clause in this legislation.

I had not intended to refer to political activity as far as public servants are concerned, but the hon. member for York South mentioned the subject and I should like to make one or two statements with regard to it. I believe that within the bounds of discretion and good judgment no Canadian should be denied the right to take part in political activity. It is therefore important that we do not deny such rights to those who are engaged in the public service.

Importance attaches to the way in which this matter is dealt with in the bill, because it came to my attention last week that certain people presently in the employ of the federal government are being told they cannot hold their present jobs because at one time or another in the past they have been candidates in a federal election. If the committee wished, it would be possible to provide evidence of this. I am thinking specifically of cases where members of the farm credit appeal boards in the various provinces have been dismissed on the ground that they stood for political office

in the past. This is not something that happened in the old days of patronage. This happened last month, and it is the kind of thing which cannot be tolerated.

On the other hand there is another danger in this regard. I received a communication last week from a gentleman in British Columbia who is currently a paid up member of the Public Service Alliance of Canada. He says that recently a P.S.A. convention overwhelmingly endorsed a recommendation to affiliate with the Canadian Labour Congress. In the December, 1966 issue of the *Argus Journal* it is stated on page 1 that affiliation with the C.L.C. will cost the Alliance 10 cents per member per month. Since the Alliance has over 100,000 members this means that about $120,000 a year will be funnelled out of the Alliance into the operation of an education program for the New Democratic Party.

Mr. Knowles: Does the hon. member believe that?

Mr. Thompson: It is not a question of believing it; the evidence is here. Look at the *Argus Journal* of December, 1966 if you do not believe it. One listens to these platitudes about protecting the rights of the individual as far as political activity is concerned, but when that political activity means belonging to a public service association which requires its members through a compulsory check-off to make donations to one political party, I should like to know where the freedom is.

Mr. Lewis: On a question of privilege, if I am in order; if not I will sit down. I should like to inform the hon. member that the statement he has just made is simply erroneous. The Canadian Labour Congress is not affiliated to the New Democratic Party. It makes no financial contribution to any political party, and it is understood under the constitution of the congress that this is the case. It is also understood in the Canadian Labour Congress as a whole that public service employee associations, whether federal, provincial or municipal, are not themselves to be affiliated to any political party. I might further point out that in the bill before us there is a provision which would decertify any public service employee organization which affiliated with us or sent money to a political party, and that this clause in the bill was supported unanimously by the special joint committee which, of course, included the two members of this party who were members of that committee.

[Mr. Thompson.]

Mr. Thompson: I am grateful for that statement, but I repeat for the record that in the December issue of the *Argus Journal* it is stated on page 1 that affiliation with the C.L.C. will cost the Alliance 10 cents a member. This man who has written to me says:

> I strongly object to paying this 10 cents toward the education costs of a political philosophy of a socialistic party which I do not support in any way.

This is a simple fact, whether or not the hon. member for York South makes the statements he does, and I wish to make sure that public service employees are protected from this sort of thing. I shall not continue much further. I emphasize this point mainly because of my desire to make sure that the legislation does contain adequate protection for our public service employees, that the rights of individuals will be respected with regard to arrangements for association, and that the rights of minorities will also be protected. It is imperative that this legislation contain within itself recognition of the constitutional rights of civil servants to freedom of association and of religion, and that it guarantee to public servants freedom to join the organization of their choice, as well as providing that they will not be required to support any organization as a condition of employment with the federal government.

Having said that, I repeat that all in all this legislation represents a tremendous improvement over the original draft, and that we shall give our support to it, subject to the reservations I have made and our right to consider further amendments which may be made. We think the measure represents a tremendous advance compared with the situation which has thus far existed.

Mr. Chatterton: My remarks will be brief. I too wish to commend the hon. member for Ottawa East and his parliamentary colleague from the other place on the manner in which they conducted the meetings of the committee on the public service. Even if I am patting myself on the back in the process I should like also to commend all the members of the committee on the manner in which they conducted the business referred to them by the house. The fact that so many amendments were accepted and agreed upon by the committee illustrates the attitude of the members of that committee. Let me pay tribute to the staff associations for the excellent service they performed for the committee in the briefs they presented.

• (12:50 p.m.)

Before continuing my general remarks I should like to refer to a statement just made by the hon. member for Red Deer relating to membership as provided for in Bill C-170. Under this bill no one can force an employee by any means to either join or resign from an organization. Even the collective agreement cannot force an employee to join an organization. If the employee had been a member of an organization then the collective agreement can require him to continue, but even the collective agreement cannot force him to join. It can force him to pay dues.

Mr. Leboe: Mr. Chairman, may I ask the hon. gentleman a question for clarification? What is the situation in respect of the payment of dues to these organizations?

Mr. Chatterton: Yes, as the bill now stands it does not prevent the collective agreement from requiring the payment of dues, but it does prevent any person from being made to join the organization. I wanted to clarify that point, which the hon. member for Red Deer did not seem to have clear in his mind.

In the very few moments left to me I should like to point out some reservations I have and which have been expressed to me by a number of people. These reservations relate to the provisions of this bill which will give the right to certain groups to elect to strike. In 1965 when the postal employees went on strike they had the general sympathy of the public, mainly because they had a justifiable grievance. However, I submit that if the postal strike had taken place last year the public may not have had the same sympathy for them because of the great number of strikes which affected the whole of the country last year.

A great number of people have expressed concern that by a government bill groups of public employees are to be given the legal right to strike. In my experience in relation to teachers, firemen and policemen who have been given the right to compulsory arbitration I have found they benefited very greatly, in many cases more than comparable organizations which had the right to strike. Let me express the concern of a great number of people regarding this right. I recognize that the governor in council has the right to declare that certain groups performing essential services will not have this right.

Mr. Benson: The ultimate decision as to groups or individuals necessary for the safety and security of the nation rests with the P.S.S.R.B., not with the governor in council.

Mr. Bell (Carleton): It is not the nation, it is the public.

Mr. Benson: That is right.

Mr. Chatterton: There is that provision, but postal employees may not be classified in that category though naturally we cannot assume that. There is some concern in this regard, and I would urge the bargaining agents who elect this course of action to use extreme caution because there is a feeling among the people of Canada about this right that is now being legally given to certain groups of public employees. I surmise that very few groups will elect this course, but just the same the legal right is to be given under the provisions of this bill.

Since remarks have been made about the other two bills, C-180 and C-182, I should like to express very serious reservations about the right of the public service commission to hear appeals. I am satisfied that the public service commission will deal with such appeals in a fair and equitable manner, but that is not the point. The principle that an appeal shall be made to the body which makes the decision in the first place is one which will create the feeling among people that they are not getting a fair deal. This involves the principle that it must not only be fair, it must appear to be fair. A great number of civil servants have expressed some reservation regarding the fact that any appeal from dismissal or demotion will have to be made to the body which made the first decision. I hope even at this late date the minister will consider a provision to set up some other tribunal to which such appeals can be made.

I do not wish to repeat some of the arguments presented to the committee, but civil servants generally are apprehensive about this bill because of the mix-up in reclassification and red circling. The majority of civil servants think of this bill in the same context as the bargaining bill.

Another part of the bill which disturbs me a little, and the minister should be aware that this may cause trouble, is that part relating to certification of bargaining units. It is true that the committee approved a very important amendment to the effect that the board will have the right to change

the bargaining unit to the occupational group that is approved by the public service commission, but the effect of these artificially set up bargaining units will disrupt organizations that have performed a very useful service for many years. For example, the custom and excise officers' association has been actively serving its members for the last 30 years, and it is most unlikely that this association will be allowed to continue as the bargaining agent.

We will support this bill, Mr. Chairman. I hope that after a year or so of operation the minister will take another look at it. This is a new attempt to do by legislation that which has been done in Great Britain by use and custom. The minister should keep a close watch on its operation and consult frequently with representatives of the public service with a view to making changes as they become necessary to the efficient operation of this very complicated measure.

Mr. Knowles: May I call it one o'clock?

The Deputy Chairman: Pursuant to an order made on February 3, I do now leave the chair. The committee will resume at two o'clock.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 2 p.m.

The Chairman: Order. House again in committee of the whole on Bill C-170. When the committee rose at one o'clock we were discussing clause 2 as amended and reported by the special joint committee on the public service of Canada.

Mr. Knowles: Mr. Chairman, it is hardly necessary for me to take time to offer compliments to all those who have worked on this bill. The compliments were well expressed by those who spoke this morning. However, since every other member who has spoken on clause 2 has handed out compliments, were I not to do so it might be thought that I did not also feel the same way. Just about everyone except the parliamentary secretary to the minister has been complimented concerning the work that was done in the committee. I think he should also receive honourable mention. As a matter of fact I do not know what we would have done without him in those interesting moments during our deliberations when we wanted to know what "they" would agree to. We were never told who "they" referred to, but it was always uttered as though "they" was spelled with a capital "T". He performed that role very well.

I suppose it could be said that I am doing what it might be expected I would do if I add one other name to the list. I think my colleague, the hon. member for York South, deserves mention particularly because of the way in which he brought his lengthy experience as a labour lawyer to bear on the work of the committee which dealt with Bill C-170, Bill C-181 and Bill C-182.

I should like to take another moment to join with those who this morning referred to what we have done with regard to this legislation as an outstanding example of the value of committee work. I think there is no question but that when Bill C-170 in particular was first brought in there were many misgivings about it in the ranks of the public service. I think, however, it is equally fair to say now that public servants generally would like to see this legislation as we have amended it put into effect and given a trial. As I say, this indicates the good job the committee was able to do.

• (2:10 p.m.)

I should like to remind hon. members present that the committee met under considerable difficulties. For example, such major pieces of legislation as medicare and the old age pension supplement were being debated in the house during the time our committee was in session, which meant that on many occasions we had to leave the committee room or suspend meetings because of interest on the part of members in debates taking place in the house. In case this is not recognized as the commercial that it is, it is a plea for doing something to the rules and procedures of this house so that committees can have an opportunity to sit and do a job on legislation at periods when the House of Commons is not sitting. If we could do as good a job under the handicaps we faced, I would say we could have done an even better job had we had fewer handicaps. I think this is a lesson that some day we in the parliament of Canada have to learn.

Speaking of the special joint committee of the Senate and the House of Commons on the public service of Canada, I am also glad that the President of the Treasury Board referred this morning to the fact that the committee is still meeting and dealing with an additional term of reference, namely, the pensions of retired civil servants. I hope it will not be very long before the committee agrees to and brings in a report on this question. I feel

confident that the committee will make a worth-while recommendation, and I trust that when it does the government will act on that recommendation with dispatch.

I agree with those who this morning said there might have been other ways to approach this problem, that we might have considered amending the Industrial Relations and Disputes Investigation Act in such a way as to bring civil servants under the provisions of that legislation. I agree also that we might have given consideration to a separate régime for employees in the public service who would prefer to be under some other legislation than this. But I think it is fair to say the concensus now is that we have sufficiently improved this legislation that it is worth a try. I hope, therefore, it will not be long before it is in effect. In fact, I trust that the deadlines in the legislation itself can be maintained.

Having said that we did improve the legislation in a good many respects, even at the risk of repeating something to which reference was made this morning I should like to pinpoint perhaps the most significant improvement that was made in terms of making this a genuine collective bargaining bill. I refer to the change that was made in clause 36. That clause as it was first brought in required any employee organization that wished to be certified for collective bargaining purposes to indicate before it was certified which of two courses it would follow, conciliation with the right to strike, or binding arbitration. We felt it was most unfair to require this decision to be made in advance and also to be made with effect for a period of five years.

We heard representations about this matter, we argued about it back and forth, and without bothering to take time to say who should get the credit for what was done, the fact is that we now have in clause 36 a provision that says an employee organization, a bargaining unit, does not have to indicate the course that it wishes to follow as between conciliation with the right to strike, and binding arbitration, until it has given notice to bargain. It is also provided that, this choice having been made, it applies just on that one round of bargaining and the carrying out of the contract arrived at at that time. I think this is a very significant improvement and it highlights the fact that the bill has been improved. I have no hesitation in commending the government for having agreed to this important change in the bill as well as to other changes that were proposed.

As my colleague the hon. member for York South has pointed out, there are still some weaknesses in the legislation and we hope that even yet we may get a small amendment passed here and there. If we cannot get that, we hope we will receive some fairly firm undertakings from the President of the Treasury Board on behalf of the government of Canada as employer. As my colleague pointed out, some of the areas that still concern us include the exclusions that are in the legislation, both the exclusions as to subjects that are under collective bargaining and exclusions as to persons.

As I say, we would like to see improvements in the actual wording of the legislation, but if we cannot go any further in that direction we hope that at least we will have some pretty clear statements from the government. We also hope that another look may be taken at the clause in one of the bills that has to do with the rights of persons who have been dismissed. We recognize that a slight improvement was made but we think there is room for still further improvement.

In the field of the political rights of a member of the public service, we recognize that the place for any extended discussion of this matter is on one of the other bills. But in the meantime we hope the government will think about the difficult and rather ridiculous position in which a person in the civil service is placed when he is told he can become a political candidate in an election but at the same time is told that as long as he is a civil servant he cannot join a political party. It makes me wonder how the Prime Minister and a few others over there who were civil servants got the nomination of the Liberal party.

Mr. Benson: They did not have to be members.

Mr. Knowles: The President of the Treasury Board says they did not have to be members. That is a strange way to run a political party—

Mr. Benson: That is democracy.

Mr. Knowles: —but I suppose it is what the Liberals call democracy, as the President of the Treasury Board says. If the Conservative party were run like that, my hon. friend the President of the Treasury Board could find

himself a candidate for the leadership of the Conservative party without being a member of that party.

Mr. Lewis: Maybe he is.

Mr. Benson: Who knows? I might be yet.

Mr. Knowles: At any rate, my colleague the hon. member for York South and I have agreed, on behalf of this party, that we had the major battle about this matter in the committee, and perhaps there is no point in our trying again to run the whole gamut that was run at that time. But we do hope that consideration will be given to this one point, namely, the right of civil servants to be members of political parties, even if you want to qualify it by saying "members where political parties require such membership in order to be candidates."

The question of the conscience clause has been mentioned several times this morning. Perhaps we can leave that question until the matter is actually before us. Unless I am persuaded otherwise, it seems to me that clause 8 (2) (c) very clearly protects the right of every public servant to join or not join an employee organization. It seems to me that clause makes it clear that if a person chooses not to join an employee organization he cannot be intimidated in any way; he cannot be dismissed or discriminated against in any way.

• (2:20 p.m.)

My colleague the hon. member for York South has reminded me that even the reference in clause 8(2)(c) to the collective agreement having some effect on the provisions of that subclause makes it clear that the only thing which the collective agreement can provide for in this area is the maintenance of membership which has already been taken out. A person who was a member of an employee organization at the time when the collective agreement was reached, and whose membership in the first place was voluntary, can be required by the agreement to maintain that membership, but no person under any circumstances can be required to be a member of an employee organization. I think this is going pretty far when we consider the whole concept of the rule of law and of our obligations to the society of which we are a part.

The time for lengthy speeches on this first general clause, although it is clause 2, does not need to be extended. However, there are a couple of other points which I should like to make, and I will address myself directly to the President of the Treasury Board. He said this morning when he made his speech on clause 2 that the government accepted—I took it he meant that the government accepted without any qualifications—all of the amendments that the committee made to the three bills. This is not surprising because, after all, all the amendments were passed unanimously. There were divisions of opinion in the committee which were resolved by recorded votes, but somehow or other we always lost on such votes. However, the point I wish to make is that the minister said clearly that the government would accept all the amendments that the committee made and which are now contained in the bills before us.

I wish he would speak with equal clarity and likewise without any equivocation with regard to the recommendations that the committee made. I am referring in particular to the recommendations which appear at the end of the report of the committee on Bill C-170. They are to be found on pages 1274 and 1275 of *Votes and Proceedings* for February 3, 1967. There are two recommendations about which I am concerned. The first is that within six months a special committee should be established to consider the position of those employees excluded from collective bargaining.

The minister will note that there is a special reference at the top of page 1275 of *Votes and Proceedings* to employees in the higher grades in the civil service for whom there is no provision under the legislation. I thought I heard the minister say to me across the floor that he will have something to say about that later. I am glad he will. But let me impress upon him that we would like just as clear an undertaking about that recommendation as we have been given about the amendments to the bill.

The other recommendation, which has already been referred to this morning by the hon. member for Carleton and perhaps by others, consists of two sentences which appear on page 1275 of *Votes and Proceedings* and which I should like to put on the record again. They read as follows:

> Your committee has noted that the employees of the Senate, the House of Commons and the Library of Parliament are not included in Bill C-170 but are covered by other Acts.
>
> Your committee recommends that consideration be given to the introduction of legislation to amend the Senate and House of Commons Act, the

House of Commons Act and the Library of Parliament Act to extend to the employees thereunder advantages and rights similar to those provided public servants under Bill C-170.

It seems to me that the logic of that recommendation cannot be pushed aside. If the parliament of Canada has reached the point where it is prepared to pass legislation giving collective bargaining rights to all employees of all the departments of the federal government scattered throughout Canada, surely we should extend the same rights to our own employees here on parliament hill. We had a most interesting discussion on this matter in the committee. Various constitutional experts appeared before us, including our own parliamentary counsel, Dr. Maurice Ollivier, the law clerk of the Senate, Mr. Russell Hopkins, and others.

I think we agreed in the committee that parliament is a separate employer and that therefore our employees must be covered by other legislation than that which governs employees coming under the Treasury Board. Nevertheless, surely the principles in both cases should be identical, and I agree with the hon. member for Carleton who said this morning that he thought the minister should already have prepared legislation on this matter. As the minister knows, a day or two after the report was tabled I asked him whether the government was giving consideration to this recommendation. The answer was, of course, that the government was considering it. It has taken us a long time to get collective bargaining for civil servants in general and I hope it will not take us as long to get it for our own employees here on parliament hill.

I do wish to express our earnest hope that the minister will be just as unequivocal in the assurances he will give us about the recommendations contained in the committee's report as he has been with regard to the amendments that have been incorporated in the bills that are before us.

[*Translation*]

Mr. Lachance: Mr. Chairman, consideration of Bill No. C-170, which has been dealt with in great detail by a special joint committee of the Senate and the House of Commons, has now reached the stage of examination in committee of the whole.

I took a modest part in the discussions of the committee, and I listened with great interest, along with my colleagues the members of this house sitting on the committee, to the numerous briefs submitted.

I wish to congratulate those who accepted to make representations to the committee; these were, for the most part, very well prepared and made in a very capable manner.

• (2:30 p.m.)

This is an extremely important step toward regulating labour problems in Canada, particularly with respect to civil servants. I agree entirely with the views expressed by the hon. member for Winnipeg North Centre (Mr. Knowles) a while ago, regarding employees on parliament hill.

Surely, special regulations should be drafted as soon as possible. We, the members of parliament, are particularly well placed to see the excellent work of these employees on parliament hill, in the House of Commons and in other related services, but we deplore the fact—and I can say this is a unanimous feeling—that there are no specific regulations protecting these employees whose services are so precious.

The act respecting relations in the public service of Canada raises many problems which have been considered and to which the house must find a solution.

I am sure further amendments could be made, and if they tend to improve the bill, I shall make it a point to give them appropriate consideration.

I would have preferred the government to go a little further at times, but this legislation is already a very big step in the right direction, for it gives civil servants certain rights that they never had before or that they had only by tradition, custom or, perhaps, through the government's kindness.

The government, which is the employer, has agreed at last to be treated on the same footing as its employees in the collective bargaining process. I would have been particularly pleased—and I am referring to clause 26 of Bill No. C-170—if the government had gone a little further with regard to recognizing the special interest of certain public service employees.

So far, the government has agreed to propose amendments and the committee has accepted them unanimously, but I hope it does not mean that the last word has been said.

However, the main reason I am rising to take part in this debate is that even though clause 26 does not go as far as my colleagues and myself would have wished, we hope that the Public Service Staff Relations Board, established under clause 11 and charged with

the administration of Bill No. C-170, will exercise its powers in a very broad-minded way, taking into consideration present and future needs of groups of employees, so that certification may be granted to separate units having valid reasons for making such a request.

Clause 26—I hope to speak to this clause again when it comes up for consideration—grants this right at all phases of bargaining whereas, in the first draft of the bill, it could only be granted following specific representations made in the second phase. Therefore, I feel this is a great step forward.

I just want to put on record that the board must give a broad interpretation to clause 26 and clause 32, where the former does not apply. And, at this stage, I also wish to say a word about some initiatives.

I would like to take this opportunity to thank all the officials and members of the government who co-operated fully when the bill was being drafted and considered in committee.

[*English*]

Mr. Richard: Mr. Chairman, I do not rise to speak at length on this bill, but as one who has been the recipient of so many kind words from my good friends on both sides of the house, particularly my good friend the hon. member for Carleton, I feel I should immediately say "thank you" not only for the kind words but for the co-operation the chairman of the committee received during its study of the three bills. As I have said on previous occasions, I am not addicted to lengthy speeches, but I have always believed that legislation affecting the rights of the people, particularly civil servants, should not be approached in any partisan manner. I appreciate the fact that all who were members of the committee took the same point of view. I believe that is the reason these bills came back from the committee much better bills than they were in the first place. Members of the House of Commons from all parties contributed to making them better bills.

I agree with some of the previous speakers that these bills are far from perfect. However, they represent a new approach to public service employment and I hope that after a couple of years' experience we will receive further suggestions for amendments, as a result of which we will be able to create a better climate for employment and conditions of work for employees of the Crown. There were some real difficulties when we came to study certain features of these bills. We were greatly assisted not only by the members of the committee but by those who represented the Treasury Board, the Civil Service Commission and those associations and organizations that presented such well-prepared briefs.

We have what I consider to be good legislation. It is revolutionary legislation and I hope it will be placed in the hands of competent, dedicated officials who will carry out their duties faithfully. At the same time I hope we will have the usual co-operation from the employees and that they will see to it they are represented by officers who understand the spirit and traditions of the civil service.

• (2:40 p.m.)

As I said before, Mr. Chairman, I did not come here to kill these bills. However, I should like to make one comment about what the hon. member for York South said this morning in connection with committees, though this has nothing to do with the bills. I think the time has come when the powers of committees should be enlarged so that when this house resolves itself into committee of the whole to consider a certain bill which has been reported from a standing or other committee less lengthy study will be required and more favourable consideration will be given to the decisions of such committees. I do not say this boastfully but I should love to see the day when at least on certain measures the chairmen of committees would pilot their own bills through committee of the whole. If this were done I think things would go a little more smoothly.

Clause agreed to.

Clauses 3 to 7 inclusive agreed to.

On clause 8—*Employer participation in employee organization.*

Mr. Bell (Carleton): Mr. Chairman, there are some problems here which are conditional upon an amendment I propose to move to clause 19. I think the minister is in agreement that clause 8 should stand until the amendment to clause 19 has been considered, and then we can return to this clause.

The Deputy Chairman: Is it agreed that clause 8 stand?

Some hon. Members: Agreed.

Clause stands.

Clauses 9 to 18 inclusive agreed to.

On clause 19—*Authority of board to make regulations.*

Mr. Bell (Carleton): Mr. Chairman, already today we have had some discussion of the so-called conscience clause. This question was discussed in committee, though not at any great length, but I do know that a great many hon. members have had a considerable number of representations from persons who, on grounds of religious belief or training, conscientiously object either to joining a bargaining unit or to paying dues or assessments to such unit. It seems quite clear to me that under clause 8 (2) (c) there can be no compulsion of any kind upon a person to join a bargaining agent. I think in that respect there is really no problem. However, this bill could contemplate, and indeed does contemplate, the use of the Rand formula whereby all those persons who are within a bargaining unit might be compelled by reason of a collective agreement to pay dues or assessments whether or not they are members of the bargaining agent.

In those circumstances, sir, I propose to move an amendment to this clause which would give the board the power to make regulations of general application to exclude such persons. The amendment I propose to move, copies of which I have in English and in French is as follows:

That clause 19 be amended by relettering existing subclause (1) (l) as subclause (1) (m) and by inserting a new subclause (1) (l) as follows:

(l) the exclusion from a bargaining unit of any employee where the Board finds that such employee objects on conscientious grounds based on religious training or belief to joining or paying dues or assessments to a bargaining unit, provided that such employee agrees to contribute an amount at least equal to the amount of such dues and assessments to a charity or charities approved by the Board.

The formula proposed in this amendment is one which has been used in other jurisdictions. I would point in particular to the trade union act of the province of Saskatchewan enacted in 1965 and amended in 1966. Under that legislation it is possible for someone who states that he conscientiously objects, on grounds of religious belief and training, to joining a trade union or to paying the dues of a union pursuant to the Rand formula, to contribute an equivalent amount to a charity or charities which may be approved by the labour relations board of that province.

What is contemplated by this amendment is that we should carry forward this formula into our legislation and give the public service staff relations board the right to enact regulations which would be in conformity with what has been done in Saskatchewan, with what has been done in New Zealand and also in a number of other places. There may be some hon. members who will say that this applies only to a very few people, that these people will get some advantage from the process of collective bargaining and therefore no attention should be paid to this question. I care not how numerous or how few these people may be. I believe that a distinct and basic principle is involved here. I believe that this continent owes a great deal to religious dissenters, and I believe that in accordance with tradition we should uphold freedom of worship.

I should like to make it clear, Mr. Chairman, that I do not agree with these people at all. I suggest this amendment not because I am in sympathy with the point of view they represent but because I have the firm belief that they have the right to express that point of view. This is what I seek to uphold by this amendment.

I agree that this amendment needs to cover only the payment of dues and that there is probably ample protection regarding membership in clause 8(2)(c) of the bill. But there are a number of dedicated civil servants who will probably leave their employment rather than submit to the payment of dues to a bargaining agent. Therefore I urge the minister, under these circumstances, to leave the question within the discretion of the board. All I am asking is that it be left to the board to work out this difficult problem. If the minister agrees to do this I think the problem will be worked out in a satisfactory manner and that these people, who otherwise might leave the public service in order to assert their beliefs, may be saved.

I appeal to the minister to make this very minor concession. Let me repeat that I believe that religious dissenters have done a great deal on this continent. It may be that the views of present day dissenters in relation to this matter are right and that my views, which are directly contrary to theirs, are wrong. Nevertheless I insist upon their right to be either right or wrong, and I would ask that they be given the right of conscientious objection as provided by this amendment.

• (2:50 p.m.)

[*Translation*]

The Deputy Chairman: Order. For the guidance of the members of the committee,

I shall now read the amendment moved by the hon. member for Carleton (Mr. Bell):

That clause 19 be amended by relettering existing subclause (1) (l) as subclause (1) (m) and by inserting a new subclause (1) (l) as follows:

(l) the exclusion from a bargaining unit of any employee where the Board finds that such employee objects on conscientious grounds based on religious training or belief to joining or paying dues or assessments to a bargaining unit, provided that such employee agrees to contribute an amount at least equal to the amount of such dues and assessments to a charity or charities approved by the Board.

Shall the amendment carry?

[*English*]

Is it the pleasure of the house to adopt the amendment?

[*Translation*]

Mr. Mongrain: Mr. Chairman, like most of my colleagues, I listened with great interest not only to the remarks just made by the hon. member for Carleton (Mr. Bell) but also to those he made when the bill was first introduced. I must say that, generally speaking, I fully agree with him. I agree with his amendment and feel that it shows a broad-mindedness and understanding of certain human aspects which are all to his credit.

Allow me this digression: I hope he will prove as understanding when, in the preparation of legislation, we will deal with issues concerning language and race. You will note, Mr. Chairman, that this is beyond the scope of the matter now under study. I am perfectly in agreement with the hon. member for I believe that according to the democratic system under which we live, we must thoroughly understand those people who, through religious convictions or conscientious scruples, cannot freely adopt or obey certain technical legislative provisions such as the one now before us.

So, Mr. Chairman, I shall support this amendment, and even at the risk of being out of order—although my impression is that this is conformable to the bill—I believe that this is probably a case where emphasis or insistence cannot hurt.

In any case, the amendment is related to this clause 19.

Something else worries me, Mr. Chairman. If I am out of order, do tell me, and I shall deal with it under another clause of the bill. I note that this board can set up regulations, for instance, concerning the determination of units of employees appropriate for collective bargaining and in paragraph (c) the certification of bargaining agents for bargaining units and the hearing of applications.

I heard, a while ago, part of the speech of my colleague the hon. member for Lafontaine (Mr. Lachance). He referred to the problem which we consider crucial and which I feel comes under this clause of the bill and this amendment. I feel this problem should be covered, because it seems that general instructions have actually been given with a view to setting up on a national basis the bargaining units in some crown corporations directly answerable to the government.

I submit, Mr. Chairman, that this general principle has some merit and should probably inspire the board. However, certain natural laws are imperious and would seem to apply to particular situations which the amendment presented by the hon. member for Carleton (Mr. Bell) attempts to cover; incidentally, the amendment has my respect and I intend to support it. These situations would seem to apply precisely to the grievances of a labour organization known in our province as the C.N.T.U. for instance, which cannot accept the establishment of bargaining units on a national basis, regardless of the aspirations of workers.

I therefore feel, along with many of my colleagues, that in such cases, workers should be given precedence over lawfully established boards; they should be the ones to decide who their bargaining agent will be and to which organization they will adhere. I think they should be the ones to decide, if we really believe in democratic freedom as pointed out this morning by the hon. members for Red Deer (Mr. Thompson) and York South (Mr. Lewis), and also by the hon. member for Carleton as concerns objections raised for reasons of conscience or religion. There could be other equally serious and sacred reasons different from those mentioned in this house and I feel that the C.N.T.U. has put forth a fundamental reason. Even though it is not recognized in all areas of labour and federal administration, the fact remains that some workers—I am referring here to Quebec workers but if I had the time, I could mention other cases—in other areas of the labour organization might very well have good reasons for not wanting to be assimilated in a national bargaining unit.

I would like to put on record at this stage a very serious concern which, in my opinion, is fundamental and worthy of respect, and

which caused certain C.N.T.U. leaders to object to the decision handed down by a government body with respect to Canadian Broadcasting Corporation employees who, according to the board, must adhere to a national bargaining unit. This is one instance where a particular group of workers was forced to accept a bargaining unit which did not suit them.

I have no intention of introducing an amendment, but I want to call the attention of the hon. minister and all hon. colleagues who took part in drafting this bill in committee—and I would like to add my own voice to the chorus of congratulations they have received—to this apprehension on the part of a certain category of workers, which is symptomatic of similar representations which could occasionally be made by other groups. The worker should, in the last analysis, be allowed to choose his negotiating unit, not individually but as a group. If the worker represents a group which is sufficiently large and if arguments as valid as those already submitted are brought forward, namely that the interests of a group of workers in one province might be different at times from those of other workers in other provinces, it seems to me that this group should be certified and authorized to negotiate.

In any case, having made that reservation and having recommended to the minister to try to find a way to recognize the right of some workers to belong to a negotiating unit they have chosen and to select the negotiating agent who, in their opinion, can best look after their interests, I say that I fully support the amendment moved by the hon. member for Carleton, because it simply embodies a conviction as deep-rooted and as sacred as the one I have just mentioned.

[*English*]

Mr. Benson: Mr. Chairman, the amendment presented to us is similar in content to matters that were considered carefully by the committee during its consideration of this bill. I should like to say that I cannot accept the amendment on the basis that the committee could have proposed such an amendment and it chose in its wisdom not to do so.

I should like to make it clear that nothing in this legislation will obligate or require any public servant to belong to an employee organization. Employees will be free to join employee organizations and will be equally free not to join them. No one's job can be placed in jeopardy because he refuses to become a member of an employee organization, even though that organization has been certified as a bargaining agent and has entered into a collective agreement which provides benefits to all employees in the bargaining unit.

• (3:00 p.m.)

It is true that all employees in an occupational group may be included in a bargaining unit but that is simply to ensure that public servants who do the same kind of work will be treated alike when it comes to their pay and benefits. Without such a requirement equity could not be maintained.

This legislation does not permit a closed or union shop. No person will be obliged to become a member of an employee organization in order to secure employment or to retain his job in the public service. Although most legislation in Canada governing the relationships of private employers to their employees permits the parties to enter into collective agreements which require employees, as a condition of their employment, to be members of employee organizations that have won the right to bargain, this legislation would not permit a collective agreement to impose this kind of obligation on employees. This legislation will, however, permit the parties in bargaining to enter into a collective agreement which provides that all employees must contribute to the employee organization certified as bargaining agent for the employees who benefit from the contract, or to a charitable organization a sum of money equal to the membership fee. This possibility—it is only a possibility because I cannot say that such a provision will in fact be contained in a collective agreement—is based on the formula developed some years ago by Mr. Justice Ivan Rand for the express purpose of protecting employees from being forced to join employee organizations against their will, while at the same time recognizing that the union claim to financial support for the work it does on behalf of all employees in a bargaining unit is a claim which must be respected.

I cannot accept the argument that anything contained in this legislation will cause anyone to be "yoked together with unbelievers". All of us, in any community in Canada, must from time to time work together, go to school together, ride public conveyances together and, if I may say so, be taxed together with other members of the community who do not share our beliefs or hold beliefs that we do not share. This, it seems to me, is implicit in

being a citizen. One of the virtues of good citizenship, a virtue firmly rooted in the teachings of Christ, is to show respect and tolerance for the beliefs of others.

I was interested to note in this morning's *Globe and Mail*—and I think it is very relevant to our discussion—a report of a recent comment on this subject by Mr. Justice Bora Laskin, whose personal contributions to improved and more productive labour relations in Canada have been many and of a very high order. He said, according to the report in today's paper:

> Our society secures to everyone the right to adhere to a religion of his choice and to hold a self-determined political creed.
>
> It does not, however, give liberty to insist on religious conviction or political creed or both in contexts which the law does not regard as relevant to their free enjoyment and as a ground for thwarting agreements binding on all irrespective of religious or political persuasion. This is presently the case in labour legislation.

I think I may say that Mr. Justice Laskin's views on this matter, as reported in the *Globe and Mail*, constitute a very eloquent expression of the government's position.

Mr. Bigg: For the life of me I cannot understand why people in the public service should require unionizing of any kind. But if they are to be unionized we should give them at least the minimum protection afforded by the bill of rights.

As I read this bill it provides for compulsory acceptance of an organization as a bargaining agent. We know from the history of the labour movement in this country during the last 50 years that those who sit around the table and bargain with the employer, in this case the government do in the end control every facet of the lives of those who belong to the union, even to the point of their political affiliation. It is my understanding that once this bill becomes law the organization will have the right of check-off by the government of the organization's dues from the wages of employees. At the rate of ten cents a month per employee this will mean that, having regard to the number of employees, a contribution of $120,000 a year will be made for affiliation.

Mr. Benson: Perhaps I might say a word at this point. The amount of dues is a matter for the association concerned and the manner in which they will be collected is subject to bargaining. It is not determined by this legislation. Furthermore, as I have mentioned previously, the closed shop or union shop is forbidden under this legislation.

[Mr. Benson.]

Mr. Bigg: Am I to understand that there will be no compulsory check-off of dues from a man's pay?

Mr. Benson: There could be a compulsory check-off through an arrangement arrived at by bargaining but it is not provided for in the legislation.

Mr. Bigg: This only confirms my suspicions. The bargaining will be done by the organization which represents the majority in the civil service. Those who do not intend to participate fully in that organization will be bound by the agreement made between the government and the organization. This organization will be affiliated with the Canadian Labour Congress.

Mr. Walker: We do not know.

Mr. Bigg: This is in fact what will happen. We know it will occur. I take it that the $120,000 a year will be deducted from the employees' pay and paid into a central fund. So employees would be indirectly, if not directly, supporting a political party which might not be of their choice. Hon. members on our left talk all the time about freedom and the right to bargain in the civil service. Yet they say nothing about this arrangement for compulsory political participation in an organization in which civil servants may not believe. I know there is a prohibition in the bill against political contributions but I do not see how the conclusion can be escaped.

Mr. Benson: Perhaps I should explain—and I am not trying to defend anybody—that the amount of dues required by the bargaining agent will, first of all, be determined by the associations themselves. In the second place, it is forbidden in the legislation that any of these bargaining agents should make contributions to political parties. Third, they may or may not wish to associate with the C.N.T.U. or the C.L.C. If they wish to do so they may pay fees accordingly but I should also point out that the C.L.C. as such is forbidden by its charter to make contributions to political parties. For this reason I do not believe that even indirectly money collected from civil servants will find its way to the aid of a particular political party. Incidentally, this matter was discussed this morning.

• (3:10 p.m.)

Mr. Bigg: That is only one aspect of this situation and I am delighted to find out from the minister that this is so.

I am speaking for a specific purpose. This is perhaps the only opportunity we will ever have to philosophize on collective bargaining within the civil service. This is the place we can try to influence one another with regard to the principle of this measure.

I believe that collective bargaining within the civil service would be unnecessary if we in parliament did our jobs throughly. In the past we have allowed people like postal clerks to drop so far below the average standard of living that they felt forced into the collective bargaining field. Surely there is no better forum than the House of Commons to debate this collective bargaining measure because here we control the pay cheques of about one fifth of the Canadian people, either directly or indirectly.

One of our main jobs is to make sure that Canadians who work in the public service are adequately paid. I cannot help but think this whole question has arisen because we have failed miserably to do our job here. Are we really helping these people by passing a statute with guaranteed rights? The rights to be included in this statute will be both maximum and minimum. We are putting ourselves in a straitjacket by taking away one more of the duties of parliament. By putting the bargaining rights of the whole civil service under one organization I believe we are binding these people and certainly we are binding those who do not think it is necessary to belong to an organization in order to get a square deal from the government.

I think this amendment is only a half way measure but I intend to support it because I want individuals to have at least the right to decide for themselves whether or not they want to join. There should be no compulsion in this regard either by threat of penalty or otherwise. Employees should have the right not to join and still perform their jobs in the public service. I am sure some of them feel that we in parliament will look after their rights. These people should have the right to stand aside and do their duty without any necessity of banding together.

This house has a universal duty to all citizens of Canada to see that their standard of living is as high as possible. We must assure them of a square deal. Surely civil servants would not need bargaining power of the type we are trying to provide through this legislation if they had the right of political association. Any restriction of civil servants in relation to an interest in politics is against the bill of rights, and I speak from some years of experience.

I was employed in a branch of the civil service for 23 years during which time I was not allowed to take an interest in politics. As a matter of fact, in order to become a member of this house I almost had to declare myself a criminal, in the broad sense of the term. Anyone who disobeys the laws of his employer is a criminal in that sense and in some cases the penalties are severe. It should be the right and duty of every person to take an active interest in politics. Members of parliament should keep their doors open to all citizens of Canada and discuss with them their grievances and the welfare of themselves, their families and their community. We should no longer in this twentieth century, approaching our one hundred and first year, deny these people the right to discuss matters with members of parliament.

Some of the penalties now imposed on civil servants who take part in politics are very severe. For instance, they can lose their pension rights. I lost one third of my pension rights until age 65 because I dared take an interest in politics. I mention that only to indicate why I am interested in stopping this kind of thing. We cannot make our laws retroactive in the sense that we cannot undo the harm we have done. I beg hon. members to leave this small escape clause in the bill so that individuals who really feel it is against their principles to join an organization will have the opportunity of making that decision. Again I should like to thank the minister for indicating that civil servants' cheques will not be tapped.

Mr. Bell (Carleton): Their pay cheques will be tapped.

Mr. Bigg: The minister has just told me that individuals will not have to join an organization and that their pay cheques will not be tapped.

Mr. Bell (Carleton): Under the Rand formula their pay cheques may be tapped.

Mr. Benson: There is no provision for that in the legislation as such.

Mr. Bigg: I am quite sure that eventually their pay cheques will be tapped and in the end some of their money will find its way into the coffers of public organizations to which these individuals do not belong and to which they never intended to give the money.

I think this amendment is only a half way measure because an individual has to pretend to be a conscientious objector in order to obtain his fundamental rights. I do not deny anyone the right to put his neck into a noose but I very much object to making the noose and then forcing him to do so.

Mr. Knowles: Mr. Chairman, I should like to ask the minister one question. In view of the fact that clause 8 (2) (c) makes it clear that a person cannot be forced to join an employee organization, and also makes it clear that the most a collective agreement can do in this area relates to the maintenance of memberships already taken out on a voluntary basis, will the minister indicate whether it would be possible for a collective agreement to force anyone to pay membership dues if he had not become a member on a voluntary basis?

Mr. Benson: That is possible under a collective agreement but it is not in the legislation. The legislation does not prescribe it, but it would be possible if the Rand formula was adopted under a collective agreement and if the government's and the employees' representatives agreed to it.

• (3:20 p.m.)

Amendment (Mr. Bell, Carleton) negatived: Yeas 23; nays 41.

Clause agreed to.

Mr. Benson: Mr. Chairman, at this point I wonder whether we might revert to clause 8 which we stood pending the consideration of clause 19?

Some hon. Members: Agreed.

Clause 8 agreed to.

Clauses 20 to 24 inclusive agreed to.

On clause 25—*Review or amendment of orders.*

Mr. Bell (Carleton): Mr. Chairman, clause 25 is one which gives the board power to review, rescind, amend, alter or vary any decision or order. It seems to me that this is a very wide power which under conditions of natural justice ought to be exercised only after notice has been given to the parties who may be involved. This matter was discussed in the committee. The committee took a position different from that which I am now advancing.

I do not believe that unilaterally the board should have the full right to rescind any order or decision without some notice to the parties involved. Therefore, sir, I propose to move that clause 25 be amended by adding the following words immediately after the word "board" in line 41, namely, "after notice to parties affected". The clause would then read:

The Board, after notice to parties affected, may review, rescind, amend, alter or vary any decision or order—

And so on to the conclusion of the clause. I think the reasons for the amendment are obvious.

Mr. Benson: Mr. Chairman, this amendment has to do with a matter which was discussed by the committee. I believe the decision of the committee not to amend this clause was based on the opinion given by people who are familiar with the operation of boards such as this that it would cause a good deal of delay in the proceedings of the board in dealing with particular matters if notice had to be given by the board.

Amendment (Mr. Bell, Carleton) negatived Yeas 17; nays 34.

Clause agreed to.

Clauses 26 to 35 inclusive agreed to.

On clause 36—*Specification of process for resolution of disputes.*

Mr. Knowles: Mr. Chairman, most of what I might have said on clause 36 I said when we were on clause 2, so I shall take only a moment or two of the committee's time. I think it is unfortunate that in the minds of a good many people collective bargaining immediately conjures up the suggestion of a strike. Collective bargaining does not necessarily mean workers going out on strike. In fact, most labour relations are conducted without strikes occurring. However, it was our view that, if we were to give public servants the right of collective bargaining, this right should carry with it the same privileges that are enjoyed by those who have collective bargaining in the private sector. We were disappointed, therefore, when the government brought in this bill in the first place, that although it provided for the right to strike if units wished it, it is provided also for compulsory arbitration and did so in such a way that if that course had been elected it was binding on the unit concerned for five years at a time.

However, as already has been indicated, the consideration of this bill has resulted in compromise and improvements. Therefore, since

in its present form the bill is that much better than it was when it was first introduced, we do not propose to move any amendment to this clause. Rather, I wish once again to say a word on behalf of the committee and commend the government for agreeing to the recommendation of the committee, which means that it is now not necessary for a bargaining unit to make its choice concerning which course it wishes to follow until it has given notice that it wishes to bargain and then its choice is applicable for just one time around. This is a tremendous improvement. It now gives public servants in their various groups and categories the right to choose whichever course they want to follow and in particular gives them the right to make the decision at a time when it will be meaningful.

• (3:30 p.m.)

As I said, I believe the committee did a good job in the amendments it made to clause 36 and those clauses which are related to it. I think the government is to be commended for accepting the committee's decision, as I take it the government does.

[*Translation*]

Mr. Mongrain: Mr. Chairman, clause 36 defines the process for resolution of a dispute, notice of which shall be given within a specified time limit, and I would like to quote here clause 2 (w) which reads as follows:

"process for resolution of a dispute" means either of the following processes for the resolution of a dispute, namely:

(i) by the referral of the dispute to arbitration, or

(ii) by the referral thereof to a conciliation board;

I would not want to give the impression that I am not joining with all those who have commended the parliamentary committee for drawing up the bill.

Mr. Chairman, I have been rated by the press lately as being critical of those who criticize the government. For once, I have to join the concert of congratulations expressed to the government, which is something unusual in this house. I do not want to appear as though I am not joining the concert, but I would not want to delay the proceedings either by moving an amendment. However, I would like to repeat what I have already said in this house. It seems to me that the referral of a dispute to arbitration, or to a conciliation board, does not solve the problem, because if the dispute is not settled by arbitration or conciliation and if the union concerned does not want to accept the verdict of the arbitration or conciliation board, then their last resort is to go on strike.

The opinion seems to prevail in some circles that a strike is some kind of a picnic for the strikers and that workers should not be deprived of the opportunity to join in. And, as far as those who occasionally criticize strikes, and the over-indulgence in strikes, are concerned, they are often rated as being against labour movements and siding, in a mean and partisan way, with employers. I do not think that is the case, Mr. Chairman.

I have the utmost sympathy for the labour movement. In fact, at times in the past, I have even been on picket lines with certain labour movements engaged in what I thought were reasonable strikes. But, in my view, federal and provincial laws do not provide workers with a suitable mechanism to avoid a greater number of strikes. In too many cases, they are forced to resort to strikes, when they are dissatisfied with arbitration or conciliation. Workers should be given well-constituted labour courts—I am no talking about labour courts made up of laymen or biased people who are necessarily in favour of employers or employees—that would be objective courts of law—and I do not have time to deal with this matter this afternoon—supported by the experience of certain experts, such as statisticians and economists. Those people should be given machinery whereby ultimately they could resort to arbitration courts, particularly when it comes to public service, because most strikes in the public service are made at the expense of the common good and of the population as a whole, and they should be avoided by all means. And I think that workers, if they had their say, if a secret and free vote were called, would indicate that they are in favour of a labour court that would get them rid of that rash of strikes.

A strike is not a picnic for them. It might be that for the organizers. For them, it is funny and it increases their prestige; they have their picture in the newspapers. They are the saviours of the working class. But the worker who does not get any pay for two weeks, a month or two, while his wife has problems of a psychological nature at home because of that, he has had quite enough of that proliferation of strikes. And he is wondering why the government is waiting to create the machinery which will make the strike what it actually should be: a last resort in

hopeless situations when all other means have been exhausted.

And I am wondering if there is not a serious failure on the part of the Liberal government or the provincial governments which are so slow in setting up what I call labour courts—they might be called something else, in the bill they are called arbitration boards. But that does not yet cover what I want to point out, that does not solve the problems in a sufficiently final way. The courts I have in mind would go much further. I will refrain at this stage of the proceedings from explaining to the committee my inner thoughts on that matter. But I say it, as I will on every occasion, because I have heard hundreds and thousands of workers, and even labour leaders, say how they are flabbergasted to see that the governments have not set up the required machinery so that, in the last analysis, they would not have to strike as the only way to solve their problems.

Besides too many strikes today are only a way to blackmail the governments concerned. I do not think that it is in the interest of the common good. As a matter of fact, even a large number of workers who are involved in those strikes are beginning to realize that public opinion has had enough.

I am not saying those things to blame necessarily the strikers who must fall into line when the movement gets under way. They undoubtedly realize that in most cases there is no other solution than a strike. On the other hand, because they are personally involved and their own interests or those of their families are affected, they feel that those strikes are costly in the end. And for whom? For those who go on strike. They become the first victims of such a strike and, in most cases, that strike does not bring them any tangible benefits.

Then, I wonder whether something should not be added in the legislation—again, such action might be premature on examination of this bill, since it appears to have gone through a long and complicated procedure, and I am under the impression that most of the members of the house do not wish to delay its passage—that the majority seems ready to try it for a period of one or two years, at the risk of having to introduce amendments next year. However, I submit that among such amendments, one should aim at creating, and this for the public service more than for any other sector, machinery capable of restricting as much as possible occasions to strikes that are ruinous for the workers.

[Mr. Mongrain.]

[*English*]

Mr. Nowlan: Mr. Chairman, I should like to ask the minister a question before deciding whether I want to make further remarks on this clause. Can the minister tell me whether any other country in the world has a provision similar to clause 36 whereby public servants are given the right to strike, or compulsory arbitration, depending upon their election?

Mr. Benson: So far as I know, Mr. Chairman, this provision does not apply to any other national government. However, I will seek further information.

Mr. Nowlan: I take it then that the minister is including Great Britain, Sweden, Denmark, New Zealand and countries like those which are fairly well advanced in social legislation.

Mr. Benson: I am informed that there is compulsory arbitration in Britain. I am not familiar with the legislation in all the other countries.

The Chairman: Shall clause 36 carry?

Mr. Nowlan: Mr. Chairman, I do not want to strike the only discordant note in this chamber. I listened with interest to the remarks of the hon. member for Trois-Rivières. I agree wholeheartedly with the majority of his comments about setting up the proper procedure whereby labour disputes may be settled. But as he said, and I repeat, this is perhaps neither the time nor place to develop the thoughts that should be developed on proper procedures to resolve the conflicts that arise between management and labour from time to time. These are natural conflicts because each has its own position to promote and further.

• (3:40 p.m.)

I must say that although I did not participate in the meetings of the public service committee, not having been a member, and thus did not come into contact with all of the briefs which were presented there, I am surprised that the government is proceeding with clause 36 inasmuch as it has commissioned the Woods' Committee study on labour relations machinery and settlement procedures and is awaiting that report which will perhaps give guidelines for more modern labour settlement devices than we have had until now. There is an awakening interest throughout the country with regard to the settlement

of labour problems through labour courts and, if necessary, by compulsory arbitration. My information is that the methods used in Great Britain in settling labour disputes go only as far as compulsory arbitration. According to the minister's own words the government is blazing a unique and lonely trail in according the right to strike to public servants in this legislation. To do so before all avenues have been explored in the development of labour settlement machinery is a step that should be considered very carefully and I for one cannot accept it.

Under clause 36 an employee organization can choose whether it wishes to proceed by way of the conciliation procedure and then strike or, on the other hand, agree to compulsory arbitration. My experience of labour disputes has been that employees have obtained substantial benefits through compulsory arbitration. It has been suggested that the postal strike in 1965 was somewhat illegal, and while people go on strike regardless of any legislation the government is to be criticized for presenting legislation with which many people disagree. It is one thing to go on strike illegally but it is another thing to give people the right and the freedom to go on strike.

With all due respect to the hon. member for Winnipeg North Centre, this legislation does not apply to the private but to the public sector. If we extend the right to strike with the left hand—I am speaking symbolically—a right which is not granted by any other country in the world, then surely on the right hand we can take a look at the privileges, benefits and security which compensate public servants for some of the restrictions.

Mr. Côté (Longueuil): Some of the provinces have given this right.

Mr. Nowlan: Yes, but here we are talking about the federal government blazing the trail in a piece of legislation which perhaps other countries will try to emulate. We are doing this at a time when the whole labour machinery is somewhat unsettled. The province of Quebec, which is the province of the Postmaster General, has already had to face some of the pitfalls which can arise when constructive labour settlement machinery for public servants is not establisehd. I am not against public servants, or against their right to collective bargaining, but I differ with the hon. member for Winnipeg North Centre when he tries to equate the private sector with the public sector.

Various references have been made to different clauses in the bill, which on the whole is a very modern and constructive one, but I am disappointed and surprised that there has not been a little more constructive criticism with regard to clause 36 which is unique. Perhaps it depends on the point of view, but the statements which have been made up till now have consisted of negative criticisms which have failed point out the pitfalls of clause 36.

It has been suggested to me that I should not worry about clause 36 because clause 79 is an overriding clause whereby the governor in council or the board can declare certain industries essential at certain times. Perhaps the minister will comment on this if my remarks are worth commenting on. On the other hand, it has been suggested that if people wish to go on strike they will do so anyway so let us put the right in the legislation. Frankly, I am against giving the right to public servants to strike through legislation. Compulsory arbitration is one thing but the right to strike is an unfortunate blazing of a new trail with which I cannot agree. I suggest that if we are to extend this right on the one hand we should review the privileges and benefits which public servants enjoy on the other and in this way perhaps balance the two because the security and benefits of civil servants may help to offset the restrictions. I do not think the same rules should apply in the public sector as in the private sector.

Mr. Knowles: Would the hon. member permit a question? I should like to ask him a question in the interest of hearing from him further as to why he draws such a hard and fast line between the public and private sectors. If the hon. member is speaking about the public interest, is it not true that some work performed in the private sector is perhaps even more crucial than some work performed in the public sector?

Mr. Nowlan: I agree, but, as the hon. member for Trois-Rivières mentioned, we cannot proceed to debate labour settlement devices in all sectors of society. Perhaps I will say something with which the hon. member for Winnipeg North Centre will not agree but it is my belief that there are some sections in the private sector to which I think compulsory arbitration should be applied. For example, the government is the arbitrator in rail strikes and air strikes, as it almost was in the longshoremen's strike in British Columbia.

Mr. Knowles: Will the hon. member permit another question? Even though we may not agree as to what should be done, would he not agree that whatever rules or rights we lay down they should be the same for all people as people, whether they are in the public or private sector, and that any distinction which the hon. member would make would have to be on some other basis?

Mr. Nowlan: This is my point to a degree, that people are people in different areas. In the public sector benefits such as the right to security are granted to employees. Let us consider teachers, a very topical subject right now. I think most school boards would like to give teachers the right to strike or to choose compulsory arbitration. On the other hand, this could be counterbalanced by compensating teachers through regulations with regard to merit pay. This is a very confusing and provocative subject and school boards have not quite resolved their differences with school teachers. These differences should be resolved by agreement.

However, in the public sector certain benefits are enjoyed which do not exist in the private sector. I think that first of all proper machinery should be set up to equate the whole process of the settlement of labour disputes all across the board and the balance should not be upset further by adding to various benefits given to the public sector, such as security, the right and freedom to go on strike which is given to the private sector.

It is not true in all cases that people in the private sector have the same security and benefits as those guaranteed under the public service statutes. Therefore the two sectors cannot be considered in the same way. One cannot treat them equally for one purpose and forget about their difference for another. I am afraid that the hon. member for Winnipeg North Centre attempted to imply that I am against people. I am the last one who should be accused of that.

I do not wish to hold up the debate on this bill any further but I wish to state that the government is blazing the trail on a new road and should be condemned for opening up this whole new area at a time when it is awaiting the Woods report which might throw new light on the whole subject. In the light of the history of this government, with its convolutions, its digestion of people and previous planks and platforms, it may change its mind in the next three years and realize the folly of its ways. As the minister has remarked, this is a completely new area into which the national government is entering at this time.

• (3:50 p.m.)

The minister, I see, wants to say something, but my remarks will be brief. If you are going to extend this principle and try to equate people completely, as the hon. member for Winnipeg North Centre mentioned, then you should counterbalance it by trying to set up a procedure for public servants that will more nearly equate public servants with those in the private sector than is the case at the present time. As far as I am concerned, clause 36 has elements which are not in keeping with the times in this country and are not in keeping especially with the study the government has undertaken to try to resolve labour disputes. As the hon. member for Trois Rivières said, let us get our procedure settled and not try to continue distinguishing or isolating public servants when we have gone so far in trying to revise their conditions of employment.

Mr. Benson: I should like to correct some information I gave the hon. member at the beginning of his speech. I have now had an opportunity of looking up the information and I find that in France civil servants do have the right to strike. They have this right also in Sweden. In Great Britain, although they do not specifically have the right in legislation to strike, there is no prohibition. Indeed, they have had strikes and slowdowns—

Mr. Herridge: They would not be allowed to strike in Great Britain now.

Mr. Benson: —as my hon. friend has indicated. It is a basic question whether or not civil servants should be allowed to strike. The matter was studied in some depth by the government and by the officials the government has working for it before a decision was made. The decision was made that government employees would be given two paths, binding arbitration or retaining the right to strike. It is assumed also by the government that the vast majority of civil servants will choose binding arbitration. If binding arbitration works well, and I hope it will since this will be a major experiment in binding arbitration in Canada, it may be that the people who have chosen the right to strike will decide that binding arbitration is the better method.

My hon. friend mentioned that we are proceeding on this path while the Woods committee is studying this subject. I believe,

however, that it has taken long enough to get a bill for collective bargaining in the civil service into parliament and through the committee. We have been working on this measure for three and a half years. I believe it is time we presented the legislation to parliament and had it passed. If the Woods committee comes up with suggestions which vary a great deal from this legislation, then parliament has the right to change the legislation at that time.

Personally I am in agreement with giving civil servants the same rights as other working people in Canada, including the right to strike if they want to do so. We must bear in mind that if civil servants do ultimately choose to strike, then parliament has actions that it can take if they become necessary in the public interest. I suggest to my friend that he read the submissions of the postal group which was one group that wanted the right to strike. As I understand it, they stated they wanted the same right as other workers in Canada, the right to proceed to a strike, and if parliament then chose to tell them to go back to work they as good citizens would abide by the law. The postal workers said: Do not take away from us what we consider the strongest weapon of labour.

The Deputy Chairman: The hon. member for Hochelaga.

Mr. Nowlan: I want to answer the minister, Mr. Chairman, since he was answering me.

The Deputy Chairman: The hon. member for Hochelaga.

[*Translation*]

Mr. Pelletier: Mr. Chairman, I was not a member of the committee which studied this bill, any more than the member for Digby-Annapolis-Kings (Mr. Nowlan). Therefore, I do not wish to prolong the debate on this section needlessly. On the other hand, I have just heard remarks, from the member for Digby-Annapolis-Kings as well as from the member for Trois-Rivières (Mr. Mongrain) with which I disagree so wholeheartedly that I feel I must express my disapproval.

Of course, it is easy at the present time, because of certain crises which have affected Canada as a whole and certain provinces in particular, to speak of the right to strike as if it were a sort of plague. The right to strike, at the present time, in the eyes of many people, is not very popular. Quite naturally, one goes along with a prevailing trend in public opinion at this time by claiming that the right to strike is above all else, dangerous and that any legislation should first of all protect, or if I may say, vaccinate the public weal against eventual strikes.

I am surprised that the right to strike is not considered in the same manner as most members of this house view other rights which are just as fundamental, such as, for instance, freedom of expression, freedom of speech, and the right of representation. I should like to emphasize here that the right to strike is a hard-won victory by workers and wage-earners.

It is also a fundamental right in a democracy that the right to strike should not be tampered with any more than freedom of expression. I know that some strikes can bring about unpleasant results; I also know that the right to strike can lead to abuse, but I must point out that unpleasant results and abuse can ensue from any of the fundamental freedoms for which members of this house are always ready to fight, except for this one perhaps.

As for me, I find quite natural that this bill should recognize the right to strike as a normal right and it is therefore granted until an exception proves necessary in the case of the public service. They would have us take the opposite view and say that the right to strike is the exception, whereas the rule would be to restrict such right to strike. I feel this latter attitude is unacceptable. The former should prevail and this is precisely what is provided for in the bill we have before us.

I doubt very much that the hon. member for Trois-Rivières (Mr. Mongrain) was in order when he tried to have the house believe a minute ago that union leaders were people who toyed with strikes as with some sport, that they benefited from strikes in all sorts of ways, such as having their pictures in the papers while the unfortunate strikers were the ones to suffer from almost every strike. I feel that if the remarks of the hon. member were out of order, any comments of mine would also be out of order but they may be tolerated in view of the remarks of the hon. member for Trois-Rivières.

I feel that an entire concept is being developed in this direction. The member for Trois-Rivières said that he was on the picket lines. I congratulate him for that. I wonder if he ever tried to tell a whole group of striking workers thay they were being victimized by their union leaders at that time.

As for me, I spent twelve years working for a federation of labour unions and I may truthfully say here that I have often seen the majority of a meeting of union members force their leaders to call as strike which they would have preferred to avoid, but not once have I seen labour leaders impose a strike on a meeting of union members who did not want to strike. It is a strange misconception of the psychological atmosphere of the labour movement to suggest that a group of workers can be forced to strike when they do not want to. The workers are marvelously aware of their own interests, and when they do not want to strike they are perfectly capable of realizing it and intelligent enough to make their own will prevail.

• (4:00 p.m.)

[*English*]

Mr. Barnett: Mr. Chairman, some of the thoughts that I might have attempted to express have already been put into words by the hon. member for Hochelaga so I will not seek to repeat them. Inasmuch as the hon. member for Digby-Annapolis-Kings seemed to make frequent reference in his remarks to my colleague from Winnipeg North Centre, I thought I should like to add a few words to indicate to him and to the committee that the hon. member for Winnipeg North Centre is not alone in this quarter of the house in the point of view that he expressed.

I listened as attentively as I could to the remarks of the hon. member for Digby-Annapolis-Kings and it seemed to me that one thing and one thing only emerged quite clearly from his remarks, and that is that the hon. member is against trail blazing. I suppose that that is an understandable position for a Conservative to take, but it is a little sad to see that attitude so rigidly taken by one so relatively young in years and of considerable figure.

I think the hon. member came dangerously close to building a case for saying that he is against people, though I do not think that any one of us in this house who know the hon. member would seriously believe that that is so. However, he was attempting to express feelings that he has, and I think his remarks did reveal that in our society today we are in a state of flux, that there is room for questioning in which particular direction we should go in an increasingly complex society to keep society on the rails, and at the same time preserve the rights and freedoms of individuals. This much I think was revealed by the remarks of the hon. member, and to that extent I give him full credit for voicing his views.

I think that if most of us in this house were honest, Mr. Chairman, we would agree that there is a great deal of room for questions to be asked in this particular field, and that neither in this legislation nor probably in the report that the Woods committee brings in will we have any final and necessarily lasting answers as to how we should proceed in this matter.

At the moment, Mr. Chairman the point at which I differ from the viewpoint expressed by the hon. member for Digby-Annapolis-Kings is that this is a most opportune time for us to be doing a little bit of trail blazing. While perhaps some of the provisions in this particular area are not ideally what I should like to see, nevertheless I think a little bit of experimenting in this field—if that is indeed what it is—is not something for which the Canadian government should be condemned but rather something which should give us as Canadians cause to be proud that we are prepared to do some venturing and searching into this field, which I think all of us agree is a complicated one, and in many ways fraught with uncertainties.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I almost wanted to rise on a question of privilege after listening to the hon. member for Hochelaga (Mr. Pelletier), since I had the honour of being mentioned in his speech a while ago.

Like many others in the province, I was surprised at certain times by our political history, for example when I read in the newspapers that the hon. member for Hochelaga had become one of the guardian angels of the Liberal party, after having renounced his N.D.P. philosophy.

I understood a little better today why people said he looked like a flower transplanted to a climate which did not agree with it too well. He was called some things which I do not want to mention. I have not the same reputation for infallibility as the hon. member for Hochelaga, which he probably earned when he was writing editorials in the Montreal paper *La Presse* with a vitriolic pen and without giving those he attacked a chance to tell him at least that he was misinformed. However, I should not like to let him say in this house things which are incorrect or, with his well-known intelligence and ability, twist the words of a colleague to give him an attitude which was not really his.

For example, Mr. Chairman, the hon. member for Hochelaga says that strikes are not popular nowadays, whereas my impression is that they are, on the contrary, quite popular and that those who object to strikes are those who are least demagogic. His attitude proves probably that demagogues do not all wear overalls, and that some are clad in white collars and cuffs, since he now seems to defend strikes by insinuating very cleverly that those who raise questions do so in specific cases, when he says that the hon. member—I have forgotten the name of his riding—and myself ask questions about the right to strike, we do not criticize the right to strike in general and when he says with almost pompous words, in a modest tone, that the right to strike has been earned by costly struggles, we know that too and we do not object to the right to strike in so-called private services or those which could be called ancillary services.

But I still believe that there are some essential services where the common good must come first. To say that, is not, in my opinion, an act of demagogy but it is rather a stand which requires a certain intestinal fortitude since it obliges us to face up to a trend which seems to me quite popular at the present time, that the common good must rank first. The hon. member for Winnipeg North (Mr. Orlikow) said earlier: Why are workers not treated on an equal footing? It is simply because all workers do not have equal responsibilities. Even if we wanted to give everybody the same treatment, it would be impossible because they do not all assume the same responsibilities, they are not all placed in the same situations.

Why are judges, for instance, deprived of the right to vote? Precisely because it had been foreseen that objections would be raised in this regard. I could give dozens of examples, but I would probably be ruled out of order.

However, in order to clear up the things which the hon. member for Hochelaga (Mr. Pelletier) has insinuated or fallaciously implied, I would like to say that we do recognize the right to strike in most cases. But we maintain that in the public service there are cases where the common good comes before private interests. For instance, when 100,000 or 200,000 employees threaten to paralyse the economy of a whole country at the expense of millions of citizens, we do not say that the right to strike must be removed entirely, but that some other means should be afforded so that, at least, the possibilities of going on strike would be reduced to a minimum. That is what we are saying and I think our stand is right at the present time. When the hon. member for Hochelaga insinuated that the hon. member for Trois-Rivières would not speak in this house the way he speaks to the workers in Trois-Rivières, to the workers on strike and to their trade union leaders, I invite him to come to Trois-Rivières and he will find that the climate there is not the same as in Hochelaga: we always say the same thing to everybody.

For instance, last Labour Day in the Labour temple in Trois-Rivières, the provincial Minister of Labour, Hon. Maurice Bellemare, myself and the mayor of the municipality appeared before the trade union leaders and I spoke the same way I am speaking in this house.

Mr. Chairman, I am controlling myself a little, for I would have a good mind to recall memories and this may not be the place to do so. Nevertheless, I will not permit anyone to misconstrue the views I have expressed here, which are quite similar to those of my colleague from Digby-Annapolis-Kings (Mr. Nowlan).

All I want to say is that I do not admit that the commonweal cannot always prevail over the individual interest. In my opinion, the commonweal in the public service cannot be denied; it is a fact that cannot be denied, which is real and which should inspire us. Even though that is not popular in our ridings, even though union leaders or intellectuals who develop labour philosophy, as it is understood now in some circles, in socialist circles, in revolutionary circles, even though it does not please the dilettante writers in the times we live in, I think there are still the rights of conscience which must be expressed.

• (4:10 p.m.)

The commonweal must come before everything. That is why we shall continue to ask all governments concerned to reduce the motives of strike, even in private enterprise, but not to suppress it simply without replacing it. I think that in saying that, I have the right attitude; I probably have a better attitude that the hon. member for Hochelaga. I could refer to half a dozen testimonies but I will mention one, only, that of Mr. Walter Reuther, chairman of an important American union who, a few months ago—I will send

the quotation to the member for Hochelaga, for his edification—said:

> It is time governments create mechanisms to prevent labour movements to settle their disputes at the expense of the commonweal, of the whole people.

I did not say that a union leader did. And I could quote half a dozen other similar testimonies. To my mind, to express such ideas is not a matter of making false representations or even of coasting with the tide in order to be popular. On the contrary. I feel that, in so doing, one bucks the current to a certain extent. After all, there must still be some considerations which are more important than that of merely being popular with one's voters.

[*English*]

Mr. Johnston: Mr. Chairman, I congratulate the hon. member for Digby-Annapolis-Kings for entering this debate and for doing such an excellent job of holding the fort while all his leaders, it seems, are out seeking the holy grail of leadership. I suggest, following his excellent intervention this afternoon, that he add his name to the 17 or 18 candidates aspiring for that post.

Mr. Knowles: Elected.

Mr. Johnston: I think the hon. member will find, on the basis of what he said this afternoon, that he will not be without support.

The hon. member also produced a second result this afternoon.

[*Translation*]

We have now witnessed the second intervention in this session of the member for Hochelaga (Mr. Pelletier). I am pleased to learn that none of the workers in la belle province go on strike on the advice of their leaders. I know, from personal experience, that in British Columbia it is possible for people to strike on the order of their leaders. People do not believe a strike to be necessary, but they go on strike.

[*English*]

We heard a great deal of fatuous comment this afternoon about people as people. It rings a little false. We must remember the debates we have had in this house, and I think particularly of the special session of parliament that we had to deal with a strike in the private sector that was not in the national interest. We heard this afternoon in this house members of the same party telling us that we should regard people as people, who urged at that time the people involved in that strike to defy parliament itself, and not to return to work if the back to work legislation did not satisfy them.

I am sure the people of Canada listening to the debate this afternoon must groan at the thought of extending the right to strike at this time to the civil service, in the light of the unhappy experiences we have had this past year. We may talk about people as people. I am concerned, as I listen to this debate, with the right of a government to govern. That right was tested severely at the end of August and early in September when we endeavoured to end the strike.

I wonder how possible it would be for a government to carry on in the face of a strike by its own civil service, if the people on strike knew they had the support of a section of the parliament itself, a section which, by itself, would not be strong enough to bring about the collapse of government through the due process of parliament. By the power that is being given to the civil service this afternoon, and through the interlocking connections that exist between the trade union movement in this country and one group of representatives who sit in this parliament, it seems that we pose a very real threat to the supremacy of parliament as we have known it. We have heard a great deal about trail blazing. We may be setting fires in this legislation.

The hon. minister has spoken about the wonderful experiment in binding arbitration. I do not know whether he referred to experiments within the civil service, but he must know that large groups in this country have operated under binding arbitration procedures for many years. I am speaking for example of the teachers groups in my own province of British Columbia. Disputes have been settled by binding arbitration for a long time now.

We have gradually, insidiously, over the past several years in this country—and we are doing that again in this legislation this afternoon—forced ourselves into a situation where only a political party closely tied to labour can govern. That situation has been brought about in Great Britain. One might say, looking at the results there, that when that happens the trades unions and the people

involved get exactly what they deserve from their efforts during the years.

• (4:20 p.m.)

At the present time, however, those in Britain who are opposed to socialism, those who hold the political philosophy of the hon. member for Digby-Annapolis-Kings for example, can always leave to go to Canada or Australia or New Zealand. But I wonder where our bright young conservatives will go when we have travelled the whole road to socialism in this country.

We hear the hon. member for Comox-Alberni criticize the hon. member for Digby-Annapolis-Kings as a young man expressing a Conservative sentiment. But I can assure him that many young people in Canada today resent the gradual loss of freedom, the gradual reduction in incentive which goes with the development of the totally socialist state.

The minister seems proud of this piece of legislation, and it is lengthy and complex, but I should like to hear his ideas as to the possibility of the government being paralyzed as a consequence of some of its provisions. Does he feel that the clauses which come later in the bill are sufficient to override the danger presented by the right to strike being written directly into the legislation?

Mr. Nowlan: My youth has been challenged, and perhaps somewhat exposed and insulted. If I hold tender feelings in common with others of youthful years in the house, then this youthful person throws out the challenge to the hon. member, who personally is a lovable person—and perhaps at the polls at the next election the challenge will be vindicated by the people's decision—that whether he accuses me of blazing trails or being against blazing trails and whether this is done by the youth of the land or by the older or the middle-aged, it is my friend, who may have lived a few more years, who is more hidebound than is this youthful member in his concept of the resolution of labour problems.

I come back to a consideration of the bill in question. I must say I was interested to hear the hon. member from Hochelaga. I suppose we have interrupted the writing of his editorial in the Montreal *Star*. I hope he was able to bridge the gap between the *Star* and his comment in this house. But it is not a question of being against trails. I would be the last to be against blazing new trails. It is a question, as the hon. member for Comox-Alberni said, of a differing philosophic approach.

The government has already waited three and a half years to get this bill through. No one is against the bill. I think there is little objection to it generally. But having waited so long, what would be wrong about waiting for the Woods report with regard to collective bargaining procedures? Certainly let us go as far as compulsory arbitration. That is as far as Britain has gone and, to the best of my knowledge, as far as any other country has gone. Let us wait for the report to come in before we are faced, perhaps, with the need to reverse decisions we have already taken.

I was interested in the minister's view that all the unions would elect to arbitrate.

Mr. Benson: I said "most of them".

Mr. Nowlan: Well, that most of them would elect to arbitrate, rather than call for a strike. Have they not heard time and time again from the left that labour's ultimate weapon is the strike? This is the weapon which is recognized in the private sector and to me it appears naïve that the minister or his officials would expect the unions to refrain from making use of their ultimate weapon. This youthful member does not follow the logic of their thinking.

I may be youthful in years, but I believe some people are far removed from reality in this country today and unfamiliar with the trails which are being blazed by people who are fed up with the erosion of individual initiative. Talking about philosophy, it appears we have now gone full circle. In the old days, in feudal times, the cry was for individual initiative and individual freedom. People fought against the old laws and their old masters in order to become individuals and express their own individuality. Today the whole trend, leaving aside the question of closed shops and union shops, appears to be completely the reverse. The individual initiative which took centuries to develop is now being restricted and compromised in union bargaining areas, corporations, locals and organized bodies. Individual initiative is leaving the scene, and I think the bill now before us serves to accelerate its departure.

Those who are now employed in the public service joined that service knowing they did not have the right to strike. In return they secured fringe benefits and security of tenure.

Now, upon the initiative of the government as expressed in this legislation, we are extending the right to strike into an area which is relatively new territory and it is for this reason we should consider carefully the implications of the clause now before us.

Mr. Horner (Acadia): I should like to say a word or two on this subject before the clause carries. I suggest to the minister that it might be better to let clause 36 stand while we discuss other clauses in the legislation. It seems to me that today, as so often in this house, we find ourselves dealing with important subjects such as this late on Friday afternoon, instead of at a time when more hon. members are aware of what is being done.

Mr. Knowles: Everyone is supposed to be here on Friday.

Mr. Horner (Acadia): That is true, but I believe the planes start to leave Ottawa at 4.10 and it is now 4.30. Members are trying to get home to their families and I, for one, do not hold that against them.

In this clause, however, we are considering a new departure in civil service legislation and in the light of the experience in Canada during the past year I believe we should weigh the consequences seriously. I say this realizing that much of the difficulty in which the government has found itself during the last 12 months has resulted from its failure to negotiate with regard to wage settlements.

• (4:30 p.m.)

Let me refer to the postal strike. I think the government in its efforts to negotiate aggravated the situation and provoked these employees into walking out.

Mr. Benson: I wonder if the hon. member would permit a question. I should like to ask him whether or not he is aware that the committee which examined this bill after second reading held 48 meetings and heard from 47 witnesses, and then presented a unanimous report back to the house. Is he aware that any member could have attended those meetings?

Mr. Horner (Acadia): I am aware that the committee sat long hours and worked hard, and I know that I might have attended those meetings. Is the minister aware of the fact that I was deeply involved in the meetings of the committee on the transportation bill, which held some 40 meetings and heard numerous witnesses? The transcript of the proceedings of that meeting amounted to something over 3,000 pages.

I am fully aware that the members of the committee studied this question very thoroughly, but that fact does not convince me that I should support this particular part of the bill. This government has found itself in grave difficulty over the past year because of labour disputes, and in my opinion the government's participation in negotiations provoked many of the strikes.

It is all very well for the minister to say that most of the bargaining agents will decide on arbitration, but if he really believes that why do we need this clause at all? Why should there be an alternative? One need only consider the province of Quebec to understand how governments can get into serious difficulty when essential services are tied up. Some time ago there was a hospital strike in that province which had very serious consequences. Today that province is suffering grave educational problems because of teacher walkouts. I am not suggesting these strikes are right or wrong, but their consequences are serious. Students in that province have been forced to hold self-help seminars in an attempt to educate themselves.

I urge the minister to consider the facts very carefully. The committee which studied this bill commenced its sittings nearly a year ago. During that period of time this whole labour problem in respect of strikes has come to the forefront in Canada. I believe that the strike weapon is outdated. If we firmly believe that the people of the world are sufficiently educated to sit down and settle their differences and prevent wars and poverty in various countries, surely we can expect they are sufficiently educated to solve domestic problems. Surely we must believe that world society has advanced to the point that these problems can be negotiated. That being so we should be able to negotiate and settle differences in respect of wages and conditions of work.

Let us face the facts. Last year we faced a threatened strike of air line employees. Some 400 men threatened to tie up the nation's air lines. In fact one group in that association did tie them up. Some 200 men at the Vancouver port practically tied up the whole western economy for some time. The postal strike, legal or otherwise, practically tied up our

mail service in those areas where it took effect.

In light of this experience I wonder whether this is progressive legislation. After we pass it can we throw our shoulders back as legislators and say we have done what is best for Canada? I wonder whether our education and ability to be tolerant is keeping pace with developments in the field of scientific research. If we are keeping pace we should be able to settle our differences around a table rather than by strikes which create extreme hardships.

It is time that we in Canada realized that strikes are outdated, particularly when innocent parties are affected and our whole economy is tied up. I am not referring to the small shop operator and his employees who have differences about wages or working conditions. If those employees go out on strike the only people who lose are the employees and the operator. Innocent people would not necessarily be hurt.

On the other hand if we are talking about essential services, strikes can tie up the economy of the country and inflict untold hardships on people not involved. As a result of this bill many of the essential services may elect to have the right to strike. I urge the minister to realize that this is not the time to pass this particular clause. We have just been through one of the worst experiences in our history so far as labour disputes are concerned. Surely this is not the time to give many essential services the right to strike.

Let me say to the minister that when he had occasion to take part in negotiations he did a better job than the Minister of Labour. I am not suggesting that in the rumoured cabinet switch about to take place he should be moved to Labour, but without doubt he did a better job of negotiating than did the Minister of Labour.

I again ask the minister whether he believes that now is the time to give civil servants the right to strike, particularly in view of the difficulties experienced in the province of Quebec and in the rest of Canada in relation to wage negotiations. I ask the minister in all seriousness to reconsider this clause in view of the experience of this country in labour disputes during this last year. Is now the time to adopt this clause? I doubt very much that it is.

• (4:40 p.m.)

It might be that in the years ahead we may reach a point where a clause of this nature could be put into effect. I sincerely think that today the country is neither prepared nor in the mood to accept anything of this nature. Today the country in fact is in a different mood. I should like to refer to a group of people which has been a strong ally of labour on many occasions in the past; that is, the Saskatchewan Wheat Pool. This organization presented a brief to the committee on agriculture, forestry and rural development not too long ago urging that now is the time for Canada, wherever essential industries are affected, to adopt a system of labour tribunals to settle these matters in order to avoid serious strikes which can affect our economy. The Canadian Federation of Agriculture last month in Winnipeg recommended that now is the time, when we have reached the stage we have in the development of education and human understanding, perhaps to adopt labour tribunals. The government is moving in the opposite direction.

I do not have any objection to the setting up of bargaining agencies for the civil service. I do think, however, that essential services should be spelled out and that the agencies should not have the right to elect to go on strike if the negotiations have not been successful, because this would result in difficulty for the government and for the economy of Canada as a whole. I agree wholeheartedly with the minister when he says that he doubts very much whether too many of these bargaining agencies will elect to strike. In my dealings with civil servants it has been my experience that they have shown themselves to be responsible in any matter in which the economy of the country is affected. As I have said, I agree with the minister that few civil servants will elect to follow a procedure which eventually would lead to their going on strike. If a vote were taken in the civil service here in Ottawa I doubt very much that they would ask for the right to strike. I am not saying that their leaders would not; I am speaking of the civil servants themselves.

I would like to think that we now have reached the stage in our development when we could negotiate wage settlements through arbitration, particularly in respect of essential services and in respect of operations which have an effect on the economy of Canada. So, once again I ask the minister to stand this clause today, proceed with other clauses, and then deal with this matter after it has had a general public airing. Although it may be true

that this matter was under consideration by the committee for quite some time and was aired in the newspapers to some extent nearly a year ago. I do not think that recently it has been brought to be attention of the public generally. I believe hat perhaps it would be wise judgment on the minister's part and on the part of the government to give this subject a general airing in the press for a period of three or four days or over the week end, and then if the minister still is firm in his belief that this should be proceeded with, of course he could do so. This is the manner in which I would hope the minister would proceed now.

Mr. Thompson: Mr. Chairman, briefly I should like to reiterate a question I asked the minister this morning in the hope that before we close off this debate today we might know whether or not he intends to take action on this over the week end. Could he tell us whether or not he or his officials have consulted with the Minister of Justice concerning whether or not this bill is in keeping with the intent of the basic articles in the Canadian Bill of Rights.

Mr. Benson: Mr. Chairman, I can answer the question immediately, if that is the desire of the committee. The bill, before it was introduced in the house, was referred to the Department of Justice in respect of this particular point—as I understand is the case in respect of all bills—and was approved by the Department of Justice. Clause 8 was not changed by the committee.

Mr. Thompson: Is the minister saying that the Minister of Justice has given his decision on the particular point I raised this morning?

Mr. Benson: The Department of Justice.

Mr. Thompson: The Bill of Rights states very clearly that any legislation which refers to the Bill of Rights shall be passed to the Minister of Justice for a ruling as whether or not the Bill of Rights is being transgressed by the legislation.

Mr. Bell (Carleton): Mr. Chairman, I doubt that the debate on this bill would have taken the turn it has if at the outset the minister had answered correctly the question put to him by the hon. member for Digby-Annapolis-Kings. At that time the minister said that in Great Britain there was compulsory arbitration. He left the clear inference that the right to strike was banned. Of course that is not the case. Arbitral tribunals are available in Britain under the aegis of the Whitley Councils and there is no prohibition of the right to strike. There is silence on the subject. Unless we take the position that a strike is treasonable, which I think is unlikely, there is no reason to take the position that the right to strike for public servants is unlawful in Britain today. Under existing legislation in Canada there is silence; there is neither recognition of nor prohibition against the right to strike for public servants.

Those who have suggested this afternoon that in this legislation we are extending recognition of the right to strike are approaching it in the wrong way. What the legislation in effect does is provide a technique for compulsory arbitration and also provide a technique for conciliation. Those who take the road to conciliation retain the right they now have to strike. That is all that is happening under this legislation. This legislation then goes further and in clause 79 gives the right to the governor in council to designate certain employees who shall be called "designated employees" whose duties consist in whole or in part of duties the performance of which at any particular time or after any specified period of time is or will be necessary in the interest of the safety or security of the public.

• (4:50 p.m.)

If the right of the public service to strike would damage the safety or security of the public obviously the governor in council would act under this clause. If my hon. friends who have raised this issue want to go further and say, "All right, we will have compulsory arbitration throughout all employer-employee relations", that is one thing; but I say it is wrong to differentiate completely between essential services in the private sector and the public service. I for one, representing more civil servants than any other member in this House of Commons, am not prepared to have my civil servants made fish, while flesh is made of another group of workers.

I dissociate myself completely from those people who are prepared to say that civil servants do not have the ordinary rights of other citizens of this country. I am as much against the use of the strike weapon as anybody, and of course we all hope that new and modern techniques will be developed whereby strikes will not be necessary. But I say to

you, Mr. Chairman, that this principle would have to be general; it would have to apply right across the board. We should not take rights away from and penalize people just because they are members of the public service. In that respect I think this debate has proceeded with the wrong approach, with the suggestion that we are extending recognition of a right to strike where no recognition now exists; in fact, that is not the case and the very reverse situation obtains.

This whole matter was most carefully considered by what I thought was a strong committee. That committee was unanimous in its decision; and I am prepared to accept the opinion of a unanimous committee which gave detailed study to this question rather than the opinion of those who have not read even a line of the briefs or of the evidence presented.

[*Translation*]

Mr. Gauthier: Mr. Chairman, I would not want to take too much of the time of the house, but I do want to endorse the suggestion made by the hon. member for Acadia (Mr. Horner), and if the minister wants to proceed faster, I suggest that he should stand this clause, dealing specifically with strikes, in order to give us an opportunity to take a closer look at it.

Of course, the hon. member says that the committee made extensive inquiries and, as the only member of our party on that committee could not attend all its sittings, being a member of four committees, I believe it would be wise of the minister to stand this clause and to bring it back for discussion on Monday or during the course of next week.

I want to express my confidence in the work of the committee, but I think we are now in a somewhat special situation. In the light of current events and of everything that has happened in the last two or three years, especially in recent months—and I would say mainly in Quebec—I think it is time for legislators to think twice and keep their eyes wide open, because we are being faced today with a systematic series of well organized strikes called deliberately by a power which has infiltrated all other countries. Let us stop hiding our heads in the sand and let us look right ahead. It is a known fact that the favourite weapon of socialism is strikes. Let us face the situation squarely; it is time to think about it. The favourite weapon of socialists, grandchildren of communists, is the strikes they call throughout the country in an attempt to overthrow the established authority and to win their case.

If we consider the general situation, we see the results of our inaction in front of small groups of hard-working socialists, very eager to thrust their opinion on the people. I feel we shall wake up tomorrow faced with the most fantastic revolution Canada has ever known. That is why I am asking the minister to give second thought to this matter.

Today, conditions have changed since the minister embarked upon the consideration of his bill. This is an act respecting employer and employee relations. The employer is the government of Canada and the primary responsibility of the government is the protection not of the interests of a small group or of a large group, but first and foremost of the general interest.

It must be remembered that the end purpose of a government is to protect the general interest.

I have no objection to a group being given certain rights. But, at the same time, the people involved should be told about their responsibilities. Today, some union leaders are only clamouring for their rights, often forgetting their responsibilities.

The hon. member for Hochelaga opened my eyes today, although I was already aware of his advanced and even anti-democratic ideas. As we are still debating here among democratic parliamentarians, I think we ought to save at least what is left of democracy and try to get rid of undesirable elements attempting to destroy that marvellous democracy which our forefathers built at the cost of countless sacrifices.

Do not think, Mr. Chairman, that everybody in the province of Quebec is happy about the strike that is going on. In my own riding, and in many other places, even the teachers are not happy about it. Some teachers are not happy about the dictatorial ways of one Raymond Laliberté. We do not at all approve acts of violence and dissension. We do not deny the right to strike, but we ask the hon. minister to give us the time, through discussion, to create an organization which can lead us out of this depressing state of affairs. Let us create an organization which will allow us to guarantee the rights of groups and, above all, those of the whole population.

Mr. Chairman, may I call it five o'clock.

Indian Affairs

• (5:00 p.m.)

[*English*]

Progress reported.

THE ROYAL ASSENT

Mr. Deputy Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, February 17, 1967

Sir:

I have the honour to inform you that the Honourable Robert Taschereau, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 17th February at 5.45 p.m. for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
A. G. Cherrier
Assistant Secretary to the Governor General

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, before we continue with the consideration of private bills may I announce at this stage the order of items to be considered on Monday. First we will take third reading of the bill to amend the Excise Act. Then we will return to the item before the house today, namely item 47 on today's order paper. Next we will take item 58, followed by item 59. Then we will move to item 83, second reading of Bill C-220, an act to make provision for appeals to an immigration appeal board.

INDIAN AFFAIRS

MEASURE TO ESTABLISH COURT OF CLAIMS

Mr. T. S. Barnett (Comox-Alberni) moved the second reading of Bill C-28 respecting the Canada Court of Indian Claims.

He said: Mr. Speaker, in introducing second reading of Bill C-28 which is entitled an act respecting the Canada Court of Indian Claims I can best sum up its basic principles by referring the house to my remarks which may be found on page 2178 of *Hansard* of March 3, 1966. At that time we were considering the estimates of the Department of Indian Affairs and I said that the fundamental issue in our relationship with the Indian people in Canada is "whether we of European ancestry are going to be able to hold up our heads before them".

I submit that this is the basic principle involved in the bill. Following that suggestion, which I made in the debate at that time, I went on to recite some of the history of the legislation concerning Indian claims in more recent times. At that time I said:

> On December 14, 1963 the then Minister of Citizenship and Immigration introduced Bill C-130, An Act to provide for the Disposition of Indian claims. As members of the committee will recall this bill had its genesis in the joint committee on Indian affairs which brought out a report in 1961; but Bill C-130 after a preliminary stage in the house, was circulated widely throughout the country, and then on June 21, 1965 we had a successor bill, Bill C-123, which was to have been referred for consideration last fall to a special committee for detailed consideration.
>
> At this time arrangements were under way for the appearance of Indian people and others before that committee, until the bill, along with a number of other things, came to an untimely end with the dissolution of parliament. I might also draw the attention of the committee again to the fact that in addition to the bills introduced on the government side, to which I have referred, there was in 1963 Bill C-67, entitled An Act Respecting the Canada Court of Indian Claims, introduced by my colleague the hon. member for Skeena.

I may say that the terms of Bill C-28 which we now have before us are identical to those of the bill previously introduced by my colleague.

Having made reference to the various bills that have been brought forward I would like to express the view that the exact terms of any of them including the one which we have before us, are relatively unimportant. What is really important to me is the settlement of a moral issue, that is the restoration to the Indian people of self respect and, perhaps even more important to many of us, the restoration of our own self respect in our relationships with the Indian people. In my view the purpose of such legislation must be to create a situation in Canada where we will no longer be haunted by the injustices perpetrated by our forefathers, which I think we all recognize cannot really be undone, but which in my view can be removed in so far as they are still being visited upon the children of this day and generation.

The important thing to me is to bring about a state of affairs where we and the Indian people can look one another fairly and squarely in the eye, where we no longer need to speak and they no longer need to fear that we will be speaking with a forked tongue. I recognize fully the fact that legislation alone cannot achieve this end, but I do believe that legislation can act as a catalyst to bring about this end. I submit that if this end, which to me is one of the most desirable and important

objectives to which this country should be moving, is to be achieved, the basic contents of the legislation that may be put forward in this parliament is not unimportant.

• (5:10 p.m.)

It is no secret, Mr. Speaker, that in my view the legislation which has been introduced by the government so far has been to put it mildly, less than satisfactory for the purposes that I suggest we should all have in mind. My views in this regard are perhaps best spelled out by an amendment which I moved to government Bill No. C-123 when it was before the house on June 22, 1965. This amendment can be found in *Hansard* on page 2768. At that time I moved, seconded by the hon. member for Vancouver East (Mr. Winch):

> That Bill C-123 be not now read a second time, but that in the opinion of this house consideration should be given to the introduction of legislation that will provide for
>
> (a) an Indian Claims Commission enabled by its terms of reference and its composition to assist the Indian peoples of Canada to prepare for disposition of all outstanding claims arising out of the occupation by non-Indians of territories now within Canada; to search out and hear evidence in relation thereto and to make such awards, both general and particular, as are just and fair, and
>
> (b) an Indian Claims Appeal Court, the presiding officer of which shall be a jurist, other than a Canadian citizen, of international repute, which shall hear appeals from any decision of the commission.

I believe that principle is in this bill, although rather awkwardly put because of the limitations that are imposed upon a private member, since he does not have the prerogative of financial initiative that the government has. What I believe is implicit in this bill and in the amendment I previously moved is, first, that prior recognition of the fact that claims do in fact exist must be given, and such claims should not be subject to narrow restrictions such as whether they arise from actions of the Crown in right of Canada, or of any of the colonies which preceded the Canadian confederation. These claims should not be subject to the restriction of whether they arise from the actions of corporations such as, for example, the activities of the Hudson's Bay Company or other fur trading companies, or from the actions taken by individuals under what they assumed to be rights conferred upon them under Canadian or other laws, or actions they may have taken outside of the law.

The second thing, Mr. Speaker, which I believe is implicit in the principle of this bill is that the claim must be dealt with as if negotiations were being conducted between equals. This is something which was not done in the past. At that time a superior power simply moved in with all the trappings of imperial colonialism. Since that time there has never been any real acceptance of this idea of negotiations between equals. Ever since the successful encroachment of imperial colonialism into this continent, the relationship between the Indian people and ourselves, both in the state and in a large part as individuals, has been a sort of father-child relationship. The actions of this parliament, indeed the actions of the Fathers of Confederation, in effect created this father-child relationship by making the Indian people legal wards of the federal government of Canada.

It may be argued with some truth, Mr. Speaker, that in recent years the father has become a bit more generous. He has not restricted the child entirely to a diet of cold porridge. He has been prepared to hand out occasionally a few lollipops and perhaps even on occasion what one might term a full bodied meal of meat and potatoes. This basic situation has not been altered in any way by the events which may have transpired because this parliament has been fit to provide the government with somewhat more generous amounts of money to dispense to the Indian people across the country. I submit that handouts are not the answer. More and more the Indian people are no longer content to be treated as adult children. I believe that more and more of us are realizing the futility of attempting to play over and over again the role of father. I believe that negotiations by an Indian claims commission would be the key which could unlock this paradoxical situation in which we and they have involved for far too long.

As we are considering this bill today, Mr. Speaker, I must admit quite frankly that I am not too concerned if it should develop that this bill receives the treatment private members bills so often receive, and is not actually given second reading during this hour. At the moment, I think the important question is for this parliament to understand just where we are at the moment in our relationship to this whole question. I believe this question is answered in part at least by some remarks I made on March 3, 1966, when I drew the attention of the committee to a question which was asked of the Minister of Indian

Affairs and Northern Development, Mr. Laing by my colleague the hon. member for Skeena (Mr. Howard). This was the question of the hon. member, which I quoted in my speech at that time, and it appears at page 2178 of *Hansard* of March 3, 1966:

> Mr. Speaker, I wish to direct a question to the Minister of Northern Affairs and National Resources. When may we expect the introduction in the house of a bill regarding the Indian claims commission? When the minister answers that question perhaps he might also indicate whether that bill has been delayed up to now by revision of any previous bill.

The Minister replied to the hon. member in these terms:

> Mr. Speaker, the delay that has eventuated has had more than one cause. It has come from the quarters with which my hon. friend and myself are familiar, namely, the province of British Columbia where the Indian people seem to prefer to take a concentrated second look before proceeding.
>
> Some Indians of British Columbia indicated they would prefer to consider their particular position in negotiation prior to the introduction of the bill. I have told the legal adviser of the Indians in the province of British Columbia that I am prepared to discuss with them this subject, and I have had a preliminary meeting with him, before any action is taken.

After quoting the minister I proceeded on that occasion to say:

> I think that the answer the minister gave to the house on February 14 re-opened this whole matter in several very important respects. It particularly re-opened the question as far as the Indian people of British Columbia are concerned, but it also leaves unanswered what the minister may have in mind as far as the Indian people in the rest of Canada are concerned in relation to the proposals that were put forward in the government bill that went down the drain when parliament was dissolved.

• (5:20 p.m.)

I submit that the time has now come for us to move forward once more on this whole question. Some of us in this house are aware that in the province of British Columbia the Confederation of B.C. Indians has now been formed and is prepared to deal with the B.C. land question. I think those of us who have had some participation in the proceedings before the Indian affairs committee have become increasingly aware that Indians in various parts of Canada are anxious to see another forward movement on this matter, which has been resting with some quietude for some little time.

I found myself while on a subcommittee of the Indian affairs committee in Toronto last summer, Mr. Speaker, being asked to explain some aspects of the Indian land question, and after discussion had proceeded for a little while one of the members of the Indian advisory council of the province of Ontario asked me why Indians in other parts of Canada should have to wait while the British Columbia Indians made up their minds what they wanted to do.

Along with other members of the committee one day last week I visited the Indian people in St. Regis and Caughnawaga, and this question of action to deal with the historic claims of the Indian people in that area was certainly brought to the fore in the discussions the Indians had with the members of the committee.

In introducing this bill for discussion today I feel, whether or not the bill receives passage at this stage, that we in this house could usefully be reminded that the time has come for a definite forward move in the direction that I have outlined and in accordance with what I believe are the basic principles of the bill which is before us for consideration.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I should like to congratulate the hon. member for Comox-Alberni (Mr. Barnett) on the presentation he has made of a very interesting case. One of the frustrations that we in this house have had to put up with for some time now has been the fact that before this parliament and the government has moved to change the direction we are taking in Indian affairs, we have submitted the proposals to the Indians themselves for their deliberation and approval.

I think that this is a very good move, but it is also very frustrating because we see a great many abuses and needs which must be met which we cannot deal with as quickly as we would like, because of this outstanding prior necessity for getting the consent of the people concerned. This is going to slow the activities of the government and of the House of Commons in the matter of legislating for the Indians. However, I think it is all to the good and it is a very forward looking step to allow the Indians to have a greater say in the legislation which governs them.

One of the interesting comments that was made by the sponsor of the bill was that although he thought the bill might be deficient in some respects he felt that the principle of the bill should be discussed. To some extent, Mr. Speaker, I disagree with this view, and I should like to take a look at the

contents of the bill itself. It is not really enough to suggest that the end is justified unless we take a look at the means. Therefore I should like to make a somewhat academic analysis of a variety of provisions contained in the bill, with a view perhaps to clearing up some of the ambiguities which now exist.

I think that one of the first objections one could make to the bill is one which we are continually coming across in private members hour, and it is, of course, that the bill contemplates the expenditure of public moneys. We are all aware of the well worn phrase to be found in citation 249 of Beauchesne's fourth edition, which reads in part as follows:

> No cases can be found of any private member in the Canadian commons receiving the authority of the crown, through a minister, to propose a motion involving the expenditure of public money. No principle is better understood than the constitutional obligation that rests upon the executive government, of alone initiating measures imposing charges upon the public exchequer.

There are several clauses in the bill Mr. Speaker, which presume to do exactly this. Perhaps the most outstanding is clause 19 which deals with the procedure of the court to be set up under the bill, and with the payment, in whole or in part, of the reasonable costs, fees, or expenses of preparing and presenting a claim or an interest affected, the court being empowered to order that such expenses, either in whole or in part, may be the administrative expenses of the court.

Additionally, Mr. Speaker, the expenditure of money by the judge who would be required if the court were to come within the ambit of the Exchequer Court would have application here, as well as the increased salaries, money required for travelling and administration extra staff and so on.

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

Mr. Reid: Certainly.

Mr. Howard: I should like to ask a particularly pertinent question of the hon. gentleman, and I think that this is a matter of which Your Honour should also be apprised. It is my understanding that the hon. member for Kenora-Rainy River (Mr. Reid) is now raising a point of order as to whether the bill itself is in order and should be considered? It seems to me that that is what is happening.

Mr. Reid: No, Mr. Speaker; I was just discussing what I thought were some of the technical deficiencies that had occurred to me. Perhaps the hon. member for Skeena (Mr. Howard) is right and I could raise a point of order, but I would point out to him that this same question, I recall, was raised when the hon. member for Skeena himself—

Mr. Barnett: Mr. Speaker, a point of order.

Mr. Reid: —introduced a similar bill—

Mr. Speaker: Order. The hon. member for Comox-Alberni is rising on a point of order.

Mr. Barnett: My point of order is this, Mr. Speaker. In my speech I did state that the bill was a little awkwardly drafted because of the very limitation to which the hon. member has referred. My submission is that the bill is very carefully drafted and has some limitations because of the fact that it does not trespass on the provisions to which the hon. member if referring in his speech.

Mr. Reid: Well, Mr. Speaker, I submit that the drafting of this bill is certainly an improvement over the drafting of the previous bill. Nevertheless, the point I was making, which was that it infringes upon the rights of the crown, is I think a valid one. However, for the sake of argument perhaps I should pass that matter by and if the bill does come up again and is in danger of passing this point of order could be explored in greater detail and much more depth.

There are other deficiencies in the bill, Mr. Speaker, particularly the provisions in clauses 13 and 14. My principal objection to them is that they are vague. For example the process of defining who may bring a claim to the special court is not precise.

Mr. Barnett: Indians in Canada.

Mr. Reid: My hon. friend says Indians in Canada. But Indians are not defined. Does my hon. friend mean Indians or the band? What happens if there is a conflict between the rights of the band and those of individual Indians? Much will depend, of course on the different land holding procedures that exist and, of course, these vary from place to place.

• (5:30 p.m.)

Whose interests are to be paramount? Is it the interest of the band or the individual? There are 550 odd Indian bands in Canada, and this should be spelled out in more detail so that when the court deals with these matters there can be no difference of opinion and everybody will know who may bring a claim.

I also wish to refer to subclause 2 of clause 14. This clause permits the court to hear and determine claims submitted to the court by petition concerning Indians or lands reserved for Indians. Questions must be answered about this. Who may petition? On whose behalf may the petition be lodged? How many are required to submit a petition? Must these people be Indians, or can it be somebody outside the band? For example, can somebody outside the band submit a petition on behlaf of a dissident group within the band who do not appreciate the way things are going?

In this connection I wish to mention something to the hon. member for Comox-Alberni. We ran into this when we visited the St. Regis band, which is having difficulty with its elected members.

Because of the situation there,—and the band has been handling some of its own affairs for some time—there has been created a great deal of confusion and a great deal of bad will between two conflicting parties within the band. To avoid such conflicts and to protect the people concerned, this matter should be more precisely spelled out. For instance, can anyone petition on behalf of Indians? We have been objective with legislation covering the rights of Indians with respect to land reserved for Indian use. But this clause to which I have referred is wide open, and the matter is not precisely defined. The objections I previously raised apply to this clause.

Continuing, we find that there is no definition, no basis on which a claim might be lodged. This is not spelled out in detail, and raises problems which should be looked into. For example, the clause as presently drafted does not allow the Indians concerned or the court set up in this bill to determine what classes of claims might be brought to the court. As an example of this in clause 14 (1) paragraphs (a) and (b), which deal with British Columbia land question and the Oka land dispute, neither of these particular things is defined.

It may be perfectly natural for somebody coming from British Columbia to know precisely what is meant by these disputes, but somebody coming from my part of the country might not know about them. It is not fair to assume that the court will know. The bill might have been improved had the hon. gentleman opposite defined more clearly what is meant by these particular paragraphs. I admit that in a legal sense the courts might know what is meant, but I doubt whether this is so.

As a result there are intriguing possibilities when it comes to interpreting the legislation. First, dealing with the three clauses I have referred to, does it mean that any Indian claim, any individual claim no matter how frivolous or ridiculous it may be, must be considered by the courts? Must it be considered equally with more substantial claims launched by other individuals or bands? Second, does the band have precedence, or a superior status with respect to claims started by an individual? This should be resolved one way or the other. Third, can the individual act when the band council does not act? For example, in a case where a legitimate claim is outstanding and where the band has reasons of its own for not taking action, would an individual resident of the reserve be allowed to take action to settle his claim?

Another aspect I wish to raise is, whether individuals and bands can submit claims on one particular matter? That is, can the band and other persons acting individually submit claims to the court? These questions are not resolved in the bill and they cause much confusion. They should be more clearly defined, so that the people petitioning the court and the court itself may have a better understanding of the rights and privileges involved.

Then, turning to clause 15—

Mr. Speaker: Order, please. Would the hon. member kindly resume his seat. I am interrupting the hon. member's speech because I do not want to disrupt his trend of thought. Will he allow me to remind him that he cannot refer to specific clauses of a bill when we are on second reading. He should limit his comments to the principle of the bill. I am sure the hon. member will be able to limit himself to that aspect of the matter.

Mr. Reid: Thank you, Mr. Speaker. Had I known at the beginning of my remarks what Your Honour has just said I might have taken a different tack.

To comply with your ruling, and back tracking, may I say a few words about the progress of the Indian claims commission and the role we expect it to play. Let me speak of precisely how this bill fits in with the general principle of that commission. The progress we make with respect to that commission is slow. A great many claims in my constituency are to go before the commission. It has not yet

been set up, and has not been operating because the various Indian groups in Canada, as I understand it, cannot agree about how it should be set up, what its powers should be and how it should operate. When you begin to deal with Indian affairs you learn about the vast diversity of opinion among the various Indian groups across Canada. Many Indian bands such as the Caughnawaga and St. Regis bands, which the members of the Indian affairs committee visited last week, are relatively able to look after their own interests. Those two reserves that we visited are well able to do without the Department of Indian Affairs in many respects. Perhaps in five or six years it might be possible to withdraw Indian affairs service from those people. They can manage on their own.

• (5:40 p.m.)

This very diversity hampers the government, the House of Commons and the standing committee when dealing with Indian affairs. It makes it difficult to lay down a policy which will apply equitably across the board, taking into consideration the variations which exist, as well as the educational opportunities for integration into Canadian life. The claims commission is a perfect example. There are a variety of claims to be processed, one of which is the exotic series of claims from the west coast about which I do not claim to have much knowledge. But I do know that the claims we have to face arise from a variety of natural causes, as well as from the plain skulduggery of many of our ancestors.

I know that in my own constituency treaty No. 3 has been broken because it was necessary to use the watershed of the lower Rainy River as storage for power. Thus, many areas which were once part of the mainland have become islands and have been lost to the Indians. They were taken over by the Crown and sold to summer settlers. Much land has been lost, some of it valuable.

There are also the leases which were signed in the early part of the century for what was then considered to be a fair price. Today the fair price is no longer fair. For example, under one lease seven bands receive $35 for a considerable territory. In 1905 when the lease was signed this may have been a good deal, but in 1967 it is not a good deal. I think that in the future the Indian claims commission will have to look into these old leases which were signed in former days in good faith by both parties but which are no longer equitable in 1967.

Mr. Speaker: I regret to interrupt the hon. member but his time has expired.

Mr. Howard: Mr. Speaker—

Mr. Speaker: If the hon. member speaks now he will close the debate.

Mr. Howard: I was the one who seconded the motion for second reading.

Mr. Speaker: In that case I will recognize the hon. member for Skeena.

Mr. Frank Howard (Skeena): I recognize the difficulty which has developed; the hon. member for Comox-Alberni (Mr. Barnett) and I have been allied closely on this particular measure, as with other measures, for some years. I realize that I run the risk of talking out my hon. friend's bill, since at any moment there may be a knock on the door to tell us we are required in the Senate chamber. I have often wondered why we have to put up with these interruptions—why they cannot take place after six o'clock—but that is the way things are.

I listened with great interest to the hon. member for Kenora-Rainy River (Mr. Reid). I wish you had not called him to order, Mr. Speaker, during his comments about the intimate parts of this bill because it was obvious that the hon. member was niggling around the subject, not getting to the core of it. It is interesting to note that when he was dealing clause by clause with the bill now before the house he complained about its vagueness and generality. Then, when he began to talk about the Indian claims commission as the subject matter of the government's proposal in this regard he stressed the difficulties which arose because of differences across Canada between one region and another, and explained why it was not possible to get a clear picture of the claims made by the Indian people.

I submit that when he made his later remarks dealing with the position of the government he answered his own question and gave a perfect explanation of the reason for drawing up this bill in its present form. It is not possible to clarify a great many of these matters, so they were left open to the court itself.

I think I might usefully give an historical account of what has occurred with respect to the subject of Indian claims in this nation, and begin by referring to a pamphlet published by the Liberal party during an election

in 1963. It begins by saying that at Prince Rupert in 1910 Sir Wilfrid—presumably Sir Wilfrid Laurier—promised that the Indian land question would be taken to the Privy Council. Then the pamphlet adds: "The solution in 1963 lies in a totally different course of action". This emphasizes the attitude of successive parties with regard to the land question in British Columbia and in a broader sense to all the claims Indians have advanced with respect to encroachment upon their rights, their traditions and their land. If it is considered as a milestone in the development of our approach to the claims of the native people to refer back to a promise broken by Sir Wilfrid Laurier 50 years ago, there is surely something wrong with the attitude of successive governments in dealing with these matters.

I wish, now to make a comment on the land question in British Columbia because this is a question of vital importance not only to the Indian people in that province but to the government and to all of Canada. I think this is separate from a large number of the claims which the native people have to present about various aspects of the treatment which has been meted out to them. In 1910 it was considered that Sir Wilfrid Laurier or his government would assist in solving the land question. Obviously no solution was reached at that time. In 1926 a joint committee of the Senate and the House of Commons met to consider what I believe was called the claims of the allied native tribes of British Columbia. That committee concluded that the native people had not proved their claim to aboriginal title. They did not say it was disproved; they simply said it had not been proved. In any event, it recommended a payment of $100,000 a year to the native people of British Columbia. That payment is still being made but it has been greatly diluted as a result of a population increase among the native people, and because of the reduction in the purchasing power of the dollar.

In the late '40's a committee on Indian affairs was established and it delved into many aspects of Indian problems. In 1948 it unanimously recommended that an Indian claims commission be established. Nothing was done about this recommendation, which was supported by members of all political parties represented on the committee. It was forgotten. In 1959 another committee of the Senate and the House of Commons was formed to consider Indian affairs. In 1961 that committee made its report, and again representatives of all parties in the house and in the Senate unanimously recommended the establishment of a court of Indian claims or of an Indian claims commission, I forget which. That committee specifically referred to the British Columbia land question and to the Oka land dispute, and as a consequence these matters are referred to in the bill now before us.

On October 14, 1963, Bill No. C-130 was introduced to establish an Indian claims commission. The intention was principally to introduce the bill at that time—parliament was close to prorogation—in order that copies might be distributed to the Indian people in Canada and to all others who were interested. It was distributed and many representations were made about changes to the bill. Contrary to what the hon. member for Kenora-Rainy River has said,—and I looked over these representations—there was a considerable body of opinion among the Indian people in Canada that there were great deficiencies in the measure introduced in 1963.

• (5:50 p.m.)

In June of 1965 another bill was introduced, known as Bill C-123. It was almost identical to Bill C-130 and obviously had no regard for that body of opinion among the native people which had been expressed during the examination of the earlier bill introduced in 1963. This fact prompted the Indians of the North American Indian Brotherhood to form a group called the Federation of Indians of British Columbia. The prime function of that group related to the Indian land question. That brotherhood had, among other things, the following to say about the last bill introduced by the government:

> It is considered by the Indians of the North American Indian Brotherhood to be an insult on the part of the then Minister of Indian Affairs the Honourable Jack Nicholson to then reintroduce the bill in the old form except for one minor change, namely that there be provision for one Indian to sit on the commission. All the recommendations except this one, by both the N.A.I.B. and the other Indian organizations of B.C. were disregarded and the N.A.I.B. considers the amended bill in most of its entirety to be absolutely useless in giving to the Indians of B.C., according to the Liberal pre-election promise an "unbiased and unprejudiced tribunal."

Those are not my words but the words of the North American Indian Brotherhood.

Mr. Speaker, someone is knocking at the door so I must cease and desist.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the 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.

• (6.00 p.m.)

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 bill:

An Act to establish the Canada Deposit Insurance Corporation.

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

HOUSE OF COMMONS

Monday, February 20, 1967

The house met at 2.30 p.m.

FINANCE

TABLING OF REPORT OF AUDITOR GENERAL FOR FISCAL YEAR ENDED MARCH 31, 1966

Hon. Mitchell Sharp (Minister of Finance): I wish to table two copies in English and in French of the report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1966. As the house is aware, the Financial Administration Act requires that the report of the Auditor General be laid before the house on or before December 31, or if parliament is then not in session within 15 days after the commencement of the next ensuing session. The Auditor General has asked me to express his apologies to the members of the house over the delay, which has resulted from circumstances over which the Auditor General had no control.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

APPEARANCE ON C.B.C. OF MEMBERS OF PARLIAMENT

Question No. 2,286—**Mr. Grégoire:**

1. Among the present members of the House of Commons, what are the names of those who have appeared on C.B.C. stations, either radio or television and have received sums of money?

2. In each case, what was the amount received?

3. Does this conflict in any respect with any of the regulations or laws with which members of parliament must comply in the House of Commons?

4. If so, what action does the government intend to take on this matter?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows:

1. In his statement of December 14, 1966, to the house the Prime Minister gave the house information supplied him by the Canadian Broadcasting Corporation to the effect that 17 members of the present parliament had accepted payments from the C.B.C. while members of the previous parliament between May, 1963 and September, 1965.

The C.B.C. now informs me, however, that on checking further into this matter, they have discovered that seven of the individuals on the previous list were not members of parliament but rather other individuals whose names happened to coincide with those of certain members of this house. The correct total then of members of the present house who have accepted fees from the C.B.C. while members of the previous parliament is 10, not 17 as previously suggested.

As for the 10 members of parliament in question, the situation in regard to them is as follows:

(a) The hon. members for Royal and York-Humber each received a cheque from the corporation and each endorsed it over to a worthy cause;

(b) A cheque issued to the hon. member for Temiskaming was returned to the corporation uncashed within a few days of delivery to him;

(c) Cheques sent to the hon. members for Medicine Hat and Danforth have, according to C.B.C. records, never been cashed;

(d) This leaves five members who, according to the corporation, received and cashed cheques from the C.B.C. These are the Minister of Mines, Energy and Resources, and the hon. members for Greenwood, Villeneuve, St. John's West and Brandon-Souris.

2. While it is C.B.C. policy not to disclose amounts paid to any individual, in none of these cases did any individual payment exceed $65 and in no case where any of the members of parliament in question received payments for more than one appearance did the total payments to any M.P. exceed $160.

3 and 4. See statement of December 14, 1966 by the Prime Minister as recorded in *Hansard*, pages 11115 and 11116.

APPEARANCE ON C.B.C. OF CERTAIN HOUSE MEMBERS

Question No. 2,479—**Mr. Grégoire:**

How many times since September 1, 1966, have the following persons been invited to appear on the C.B.C.'s French radio and television networks

to make broadcasts of a political nature: Hon. Lucien Cardin, Hon. Maurice Sauvé, Hon. Léo-Alphonse Cadieux, Hon. Jean-Luc Pepin, Hon. Jean Marchand, Hon. Jean-Pierre Côté, Hon. Théogène Ricard, Hon. Martial Asselin, Mr. Auguste Choquette, M.P., Mr. Réal Caouette, M.P., Mr. Pierre Bourgault, leader of the R.I.N., Mr. Gilles Grégoire, M.P. and president of the R.N.?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): The C.B.C. informs me that guest appearances by these persons involved interviews or discussions on a variety of subjects of public interest. The number of appearances is as follows:

	Radio	Television
Mr. Cardin	Nil	Nil
Mr. Sauvé	8	5
Mr. Cadieux	1	Nil
Mr. Pépin	2	2
Mr. Marchand	5	4
Mr. Côté	Nil	1
Mr. Ricard	1	Nil
Mr. Asselin	3	Nil
Mr. Choquette	Nil	4
Mr. Caouette	3	Nil
Mr. Bourgault	4	5
Mr. Grégoire	4	1

[*English*]

FEDERAL CONTRIBUTION TO COMMUNITY CENTRE, RIMOUSKI, QUE.

Question No. 2,520—**Mr. Nesbitt:**

1. Is the federal government contributing to the construction of a community centre in the city of Rimouski, Quebec, known as the John F. Kennedy centre?

2. If so, what is the amount of the contribution?

3. Was such expenditure included in the estimates for the fiscal year ending March 31, 1966?

4. If the answer to part 3 above is in the negative, in what year did or will this item appear in the estimates?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by several departments as follows: 1. No.

2, 3 and 4. See answer to 1.

CENTENNIAL TRAIN STOP, NEW GLASGOW, N.S.

Question No. 2,534—**Mr. MacEwan:**

1. Why is the centennial train not stopping at the town of New Glasgow, Nova Scotia?

2. Will consideration be given to having this centennial train stop at New Glasgow, Nova Scotia, or at another location in the county of Pictou?

Hon. Judy V. LaMarsh (Secretary of State): 1. The centennial train itinerary comprises 83 exhibit stops for 315½ exhibit days in nine provinces of Canada. Among the many factors that were considered and agreed to by the centennial commission and the provincial government centennial authorities were population by provinces, physical facilities at each stop and accessibility to the largest area population.

The confederation train is not stopping in the town of New Glasgow because of the heavy concentration of confederation caravan stops in the area. The confederation caravan will be stopping at Stellarton, New Glasgow and Pictou making a total of six exhibit days in an area that, if the train were to stop, could stop not more than one exhibit day.

2. The Nova Scotia itinerary of the confederation train was worked out between the centennial commission, the provincial centennial authorities and the railway representatives over a period of three years. It was agreed by the governments that changes would not be practical or possible.

CIVIL SERVICE COMPETITION 66-H683

Question No. 2,551—**Mr. Muir (Cape Breton North and Victoria):**

1. Who was the successful candidate in the civil service competition 66-H683, protection officer—fishery office, held recently?

2. What are the names and addresses of the other candidates who entered this competition?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Civil Service Commission as follows:

1. Competition 66-H683, protection officer—fisheries officer 1, has not yet been completed. A written examination will be held on February 10 at 18 centres in the province of Nova Scotia. There are 227 candidates.

2. Having regard for the right to privacy of candidates and the possibility that the release of information could prove not only embarrassing but prejudicial to them, the commission holds in confidence information concerning candidates whose names do not appear on the eligible list.

ITINERARY FOR CENTENNIAL TRAIN, NOVA SCOTIA

Question No. 2,552—**Mr. Bower:**

1. In planning the route of the centennial train, was consideration given to having it stop at Shelburne, Nova Scotia, in view of it being the site of the principal Loyalist settlement in Canada and

hence one of the early manifestations of Canadianism?

2. In planning the return trip of the centennial train to Halifax from Yarmouth, Nova Scotia, was consideration given to having it do so via the south shore railroad with an additional stop in the constituency of Queens-Lunenburg?

3. If this was not planned, will consideration be given to correcting this 250 mile gap in the train's Nova Scotia itinerary?

Hon. Judy V. LaMarsh (Secretary of State): 1. The centennial train itinerary comprises 83 exhibit stops for 315½ exhibit days in nine provinces of Canada. Among the many factors that were considered and agreed to by the centennial commission and the provincial government centennial authorities were population by provinces, physical facilities at each stop and accessibility to the largest area population.

2. This was not practical because the next stop of the centennial train was Kentville.

3. See answer to 1. The Nova Scotia itinerary of the confederation train was worked out between the centennial commission, the provincial centennial authorities and railway representatives over a period of three years. It was agreed by the governments that changes would not be practical or possible.

MANPOWER AND IMMIGRATION EMPLOYEES ABROAD

Question No. 2,562—**Mr. Allard:**

1. Further to the answer to question No. 2,381, what is the total number of public servants or employees working in the 34 cities abroad where the Department of Manpower and Immigration has offices?

2. Among these public servants or employees, how many are not Canadian citizens and what is their percentage in each of the 34 cities abroad where the Department of Manpower and Immigration has offices?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. The reply submitted to question 2,381 referred only to personnel posted from Canada. There was a total of 128 public servants posted to the 34 cities listed in the reply to question 2,186 and they are all Canadian citizens.

2. In addition to the Canadian employees there are 307 locally engaged staff employed at the 34 cities listed and 9 of these are Canadian citizens.

See table below for distribution of Canadian and locally engaged staff. The figure in brackets indicates number of locally engaged employees who are Canadian citizens.

Questions

City	Canadian staff	Locally-engaged employees
Athens	3	11(1)
Belfast	2	3
Berlin	1	4
Berne	2	4
Birmingham	2	3
Bordeaux	1	0
Bristol	2	3(1)
Brussels	3	8
Cairo	3	4
Cologne	8	25
Copenhagen	2	6
Dublin	1	2
Glasgow	6	12
Hamburg	2	5
Helsinki	0	2
Hong Kong	8	16
Leeds	5	6
Lisbon	4	8
Liverpool	4	7
London	23	60(4)
Madrid	2	5
Marseille	1	0
Milan	4	8
Munich	1	4
New Delhi	4	10
Oslo	0	2
Paris	8	20
Rome	9	29(2)
Stockholm	2	4
Stuttgart	2	5
Tel Aviv	3	5
The Hague	4	10
Tokyo	1	4
Vienna	5	12(1)
	128	307

WORK OF REPRESENTATION COMMISSIONER

Question No. 2,564—**Mr. Bell (Carleton):**

1. Has any work yet been undertaken by the representation commissioner pursuant to section 9 of chapter 40 of the statutes of 1963?

2. If so, to what extent has it progressed?

3. Has (A) the representation commissioner or (B) any of his officials (a) already undertaken (b) planned for the future, any visits (i) in Canada (ii) to other countries, for the review and study of the matters referred to in said section 9?

4. If so, outline (a) locale (b) purpose of each such visit already undertaken or planned, and (c) results of each such visit already undertaken?

5. Is any interim report contemplated?

6. If so, when may it be anticipated?

7. If not, does the representation commissioner anticipate that the report required by said section 9 will be ready before the deadline established in the said section?

8. If the answer to part 7 is yes, when may such report be anticipated?

23033—835

Questions

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the representation commissioner as follows:

1. Yes.

2. The methods of registration of electors and absentee voting used in the provincial elections in British Columbia and in the national elections in the United Kingdom, Australia, New Zealand, Trinidad and Tobago and the United States of America are being reviewed and studied by the representation commissioner.

3. (A) (a) (i) Yes. (ii) Yes. (b) (i) Yes. (ii) Yes. (B) (a) (i) No. (ii) No. (b) (i) No. (ii) No.

4. (a) Visits have been made to the province of British Columbia, the United Kingdom, Trinidad and Tobago, the state of Pennsylvania, and the District of Columbia in the United States of America. After the review and study referred to in 2 above, are completed, methods of registration of electors and methods of absentee voting used in other countries will be reviewed. A decision will be made at that time to determine if visits by the representation commissioner or any of his officials to any such countries will be necessary to complete the study. (b) The purpose of each visit is to consult with local officials responsible for the administration of their methods of registration of electors and absentee voting and with other persons familiar with such methods. (c) The visits result in a knowledge and understanding of the practical application of such methods.

5. No.

6. N/A.

7. Yes.

8. The representation commissioner is required by subsection (2) of section 9 of the Representation Commissioner Act to complete his report not later than two years after the 16 June, 1966. It is anticipated that the report will be completed by such deadline. However, unknown factors such as the number of elections that may be held in that two year period will decide the amount of time required of the representation commissioner to discharge his duties and responsibilities under sections 16 to 21 of the said act and this in turn will determine whether the full two years will be required to complete the report.

IMMIGRATION OFFICES ABROAD

Question No. 2,568—**Mr. Schreyer:**

1. How many Canadian immigration offices are maintained in each of the following countries (a) United Kingdom (b) France (c) West Germany (d) Italy (e) Poland (f) U.S.S.R.?

2. In what cities are these immigration offices located and what is the size of staff of each?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. and 2. See table below.

Country	City	Canadian staff	Locally engaged employees
United Kingdom	Belfast	2	3
	Birmingham	2	3
	Bristol	2	3
	Glasgow	6	12
	Leeds	5	6
	Liverpool	4	7
	London	23	60
France	Bordeaux	1	—
	Marseilles	1	—
	Paris	8	20
West Germany	Berlin	1	4
	Cologne	8	25
	Hamburg	2	5
	Munich	1	4
	Stuttgart	2	5
Italy	Milan	4	8
	Rome	9	29

Canadian immigration offices are not maintained in Poland or the U.S.S.R., but accommodation for an office in Warsaw is at present being sought.

SHARED COST HIGHWAY PROJECTS, N.S.—AGREEMENT NO. 1

Question No. 2,584—**Mr. Chatwood:**

1. What shared cost highway projects were active in Nova Scotia in 1966 under the Atlantic Development Board agreement, No. 1?

2. In the case of each project (a) how many miles of highway was or is under construction (b) what work was or is involved (c) to whom was the contract awarded (d) what was the amount of the contract price (e) what is the total federal commitment?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

ATLANTIC DEVELOPMENT BOARD—FIRST AGREEMENT—NOVA SCOTIA

Project	Mileage	Type of Work	Contractor	Contract Bid Price	Total Federal Commitment
Lucasville Road to Trunk No. 1	2.9	Grading	Modern Construction Limited	$ 443,825.00	$ 264,000.00
Overpass of Lucasville Road		Structure	Martell's Construction Limited	122,997.00	73,400.00
Ingram River to Halifax-Lunenburg County Line	6.8	Grading	Martell's Construction Limited	1,222,925.00	700,000.00
Hubbards River Bridge		Structure	Acadia Construction Limited	77,475.50	47,500.00
East of Yankeetown Road to Ingram River	6.2	Grading	Tidewater Construction Co. Ltd	1,594,450.00	920,000.00
From 1.0 miles north of Bicentennial Drive to Lucasville Road	2.7	Grading	Municipal Spraying and Contracting Limited	597,210.00	360,000.00
Ingram River Bridge		Structure	Martell's Construction Limited	129,847.00	76,000.00
Puddle River Bridge		Structure	Dolphin Industries Limited	61,952.00	38,775.00
Mill Lake Bridge, Little Indian Lake Bridge		Structure	Tidewater Construction Co. Ltd	324,702.00	187,000.00
Underpass at Old Sackville Road		Structure	Municipal Spraying and Contracting Limited	153,384.00	92,000.00
Beaverbank Interchange and Connector		Grading and Structure	Modern Construction Limited	274,095.00	162,650.00

SHARED COST HIGHWAY PROJECTS, N.S.—AGREEMENT NO. 2

Question No. 2,585—**Mr. Chatwood:**

1. What shared cost highway projects were active in Nova Scotia in 1966 under the Atlantic Development Board agreement No. 2?

2. In the case of each project (a) how many miles of highway was or is under construction (b) what work was or is involved (c) to whom was the contract awarded (d) what was the amount of the contract price (e) what is the total federal commitment?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows:

ATLANTIC DEVELOPMENT BOARD—SECOND AGREEMENT—NOVA SCOTIA

Project	Mileage	Type of Work	Contractor	Contract Bid Price	Total Federal Commitment
Little Brook to Coxheath Road	2.8	Grading	LeVatte Construction Company Ltd.	$ 346,935.00	$ 213,785.00
Sydney-Gabarus Road to Trunk 4 at Grand Lake	4.8	Grading	LeVatte Construction Company Ltd.	786,180.00	492,992.50
North Pleasant Valley Road to James Street	5.5	Grading	Latimer Construction Company Ltd.	640,000.00	412,325.00
North Nine Mile River to South of Trunk 14	5.0	Grading	Latimer Construction Company Ltd.	649,000.00	450,065.00
Overpass at Hilden Road		Structure	Latimer Construction Company Ltd.	87,555.00	53,900.00
Sheldrake Lake to Yankeetown Road	3.5	Grading	Tidewater Construction Co. Ltd.	667,770.00	403,150.00
Horton Bridge to Kings-Hants Co. Line	4.4	Grading	Nova Construction Company Ltd.	616,585.00	376,585.00
Overpass of Railroad and Shubenacadie River		Structure	Tidewater Construction Co. Ltd.	339,510.00	206,800.00
Enfield to Nine Mile River	5.6	Grading	Tidewater Construction Co. Ltd.	746,750.00	479,270.00
Kings-Hants Co. Line to Falmouth	3.8	Grading	Nova Construction Co. Ltd.	695,030.00	434,252.50
North of Pleasant Valley Road to Short's Lake Road	3.8	Grading and Structure	Latimer Construction Co. Ltd.	929,630.00	550,000.00
West Brooklyn Road Underpass		Structure	Standard Paving Maritimes Ltd.	69,717.00	43,604.00
Nine Mile River Bridge		Structure	Latimer Construction Company Ltd.	115,670.00	71,665.00
Trunk 3 near Sheldrake Lake to Nine Mile River	3.7	Grading	Nova Construction Company Ltd.	991,800.00	568,150.00

*ISSUE OF MEDAL TO FIREFIGHTERS WHO SERVED OVERSEAS

Question No. 2,592—**Mr. Diefenbaker:**

Will the government give immediate and favourable consideration in this confederation year to directing the issue to all members of the corps of Canadian firefighters who served overseas in the second war, the volunteer service medal?

Hon. Roger Teillet (Minister of Veterans Affairs): The regulations governing eligibility for the Canadian volunteer service medal state that it may be awarded in recognition of "voluntary service by members of the armed forces of Canada". The medal was not intended to be a campaign award nor a war medal. The corps of (civilian) Canadian firefighters for service in the United Kingdom was not a component of the armed forces and accordingly its members are not eligible for this medal. This does not, of course, imply any reflection on the splendid service rendered by firefighters during world war II. Members of the corps with sufficient qualifying service were entitled to the defence medal and the war medal 1939-45.

TOURISTS VISITING CANADA IN 1966

Question No. 2,604—**Mr. Honey:**

How many people visited Canada in 1966?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Data for 1966 are not yet available. The total number of entries into Canada by non-immigrant visitors during 1965 was 34,020,256. This figure includes trips by commuters and other visits of less than one day's duration, as well as longer term visits.

PENSION TO FORMER BANK OF CANADA GOVERNOR

Question No. 2,609—**Mr. Sherman:**

Is the former governor of the Bank of Canada (Mr. Coyne) currently drawing a regular pension from the bank as a result of his services in that office and, if not, for how long after he vacated the governorship did he draw the pension?

Hon. Mitchell Sharp (Minister of Finance): Yes. As indicated on November 18, 1963, *Hansard* page 4856, in reply to a question by the member for Cape Breton North and Victoria, Mr. Coyne has been in receipt of a pension from the Bank of Canada pension fund effective from the date of his retirement.

Inquiries of the Ministry

EDUCATION

INQUIRY AS TO ORGANIZATIONS RECEIVING FUNDS FROM U.S. AGENCY

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister whether his attention has been drawn to the number of organizations that have received funds from the Central Intelligence Agency in the United States. Has the Prime Minister looked into this matter to ascertain whether any Canadian youth organizations received funds directly or indirectly from the C.I.A.?

Will the Prime Minister also advise the house—it is all part of the same transaction, apparently—whether the publication of a pamphlet bearing the title "Escape from Freedom" now issued by the Student Union for Peace Action for the benefit of those wishing to escape military service in the United States was assisted by a $4,000 award by the government of Canada through the Privy Council office; and did the government have any knowledge whether the moneys were going to be used for this unusual purpose?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the right hon. gentleman has asked me two questions. As far as the first question is concerned, we have no information as to any funds from the Central Intelligence Agency of the United States or any other foreign intelligence agency being made available to any Canadian institution. We have learned, however, Mr. Speaker, both from reference in the newspapers and from a letter I received before lunch from the Canadian Union of Students that they have received two grants from an organization called the Foundation for Youth and Student Affairs to assist in meeting the expenditures of a Canadian Union of Students seminar on international disputes and affairs.

The Canadian Union of Students, however, also state in this letter that there had been no direct contact between their union and C.I.A. operatives and that when the grants were received from this organization they considered it to be a reputable private organization. They did not know at the time that it had any connection whatever with the C.I.A., and they state that the grants did not influence the content of their seminars in any way, shape or form.

So far as the second question is concerned, the government has not seen any letter of the

kind reportedly being distributed by a private organization which, of course, must bear the responsibility for the kind of literature it publishes. Literature of the kind mentioned by my right hon. friend has no bearing on, neither does it reflect, Canadian government policy on this matter. As I said on February 2, the government does not give financial support to this kind of activity nor does it encourage it in any other way. The grant to which my hon. friend refers as having been made some time ago to the particular organization concerned—SUPA, I believe it is called—has no relationship to this activity in any way.

Mr. Eric A. Winkler (Grey-Bruce): A supplementary question. I should like to ask the Prime Minister whether he can inform the house if any information is available with regard to United States students attending university on Canadian campuses, whether any of these students are supported by this organization.

Mr. Pearson: Mr. Speaker, we have no information whatever as to the source of support for foreign students at Canadian universities unless those students are here under scholarships or bursaries from the Canadian government or private Canadian institutions. We have no information whatever as to the source of funds of United States students at Canadian universities.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. I would ask the Prime Minister what was the nature of the work to be done by the Student's Union for Peace Action in return for $4,000 granted them through the Privy Council, which appears on page 34, subsection 4 of the Public Accounts for 1965-66.

Mr. Pearson: Mr. Speaker, I shall get the exact details, but I believe it was to have a report from this organization on their own community activities, in case it might be helpful to know the kind of thing which was being done in relation to government auspices.

Mr. David Lewis (York South): Mr. Speaker, arising out of the supplementary question to the right hon. gentleman, my question has to do with the letter from the Canadian Union of Students to which the right hon. Prime Minister referred. May I ask him whether his reply accepted their suggestion that the Canadian government should protest this intrusion by United States government agencies into Canadian affairs by way of a front organization? Second, can the right hon. gentleman assure this house that the Royal Canadian Mounted Police are not engaged in similar activities?

Mr. Pearson: Mr. Speaker, the only information on this matter I have received at the present time would not seem to warrant any protest to the United States government in respect of an offer of a small amount of money through a foundation, the nature of which I am not entirely clear about but which appears to be a front organization of the C.I.A.

I want to make further inquiries to get the background of this award before deciding whether there is any case for an official protest to the United States government. But, Mr. Speaker, if a Canadian organization of the kind we have mentioned, or any other kind of Canadian organization, should be offered financial assistance from any organization or foundation in the United States, the Canadian government would be very glad, at their request, to give them any information it has about the nature of the organization or foundation.

[*Later:*]

Mr. Ian Watson (Châteauguay-Huntingdon-Laprairie): Mr. Speaker, I have a question for the Solicitor General. Perhaps it should be supplementary to a question asked by the hon. member for York South. In view of reports from the United States that the Central Intelligence Agency has been making use of international affiliations of the A.F.L.-C.I.O., would the Solicitor General indicate whether he has any knowledge of any such authority being extended into Canada through the A.F.L.-C.I.O. unions affiliated with the Canadian Labour Congress and its political arm, the New Democratic Party?

Mr. Speaker: Order.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

PROTEST BY QUEBEC PREMIER RESPECTING PROGRAM "TIREZ AU CLAIR"

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I have a question for the hon. Secretary of State. Can the hon. minister give us some information, today, on the C.B.C. and the program "Tirez au Clair" with regard

to the question I put to her last Thursday asking why the C.B.C. had not allowed Hon. Marcel Masse, minister without portfolio, to take part in the program?

[*English*]

Hon. Judy V. LaMarsh (Secretary of State): Answering my hon. friend's question, I can tell him that I saw the telegram sent by the president of the C.B.C. to the premier of Quebec which, I believed, explained the situation. Other than that I have no further information.

Hon. Marcel Lambert (Edmonton West): I have a supplementary question which is directed to the Secretary of State. The hon. lady was asked a question in the house regarding this matter during the course of the week just past. Would she inform the other members of the house what reasons were given by the C.B.C.? I do not know that we should have to read newspapers in order to get the answer to a question asked in this house.

Miss LaMarsh: I have with me a copy in French of the telegram which was sent, and if there is unanimous consent I will be happy to table it.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

EXTERNAL AFFAIRS

PARTICIPATION OF CANADA IN ORGANIZATION OF AMERICAN STATES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister. It concerns press reports that Trinidad and Tobago have now made formal application for membership in the Organization of American States, and that Barbados is planning to apply almost immediately. In view of the Prime Minister's statement in December 1965 that Canada is prepared to act in unison with the Caribbean nations in making application for admission to the O.A.S., may I ask the Prime Minister whether Canada intends now or in the immediate future to apply for admission to this organization?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think I ever said that Canada would probably act in unison. If my friend looks at his source which he probably has before him he will see, though I have not the report, that I said I hoped it would be possible for us to act in unison with the other commonwealth governments in this hemisphere. Trinidad-Tobago having announced their intention of joining, if their application is accepted, with Barbados following up if it does apply within the next month or two, it looks as though my hope will not be realized.

Mr. Douglas: A supplementary question. May I ask the Prime Minister, in view of the importance of applying for membership in the O.A.S. and the effect this would have on our relations with countries in other areas of the world, whether he can assure us that no such step will be taken by the Canadian government without giving parliament an opportunity to express its views on the question.

Mr. Pearson: I can only say that the normal constitutional position will be adhered to in this matter. I hope, if the decision were made by the government and parliament were sitting, that there would be an opportunity for parliament to debate the decision before it became effective.

SUGAR

INQUIRY AS TO DISCUSSIONS WITH CARIBBEAN COUNTRIES

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is directed to the Prime Minister. I note that the right hon. gentleman is about to leave for Antigua, and I am sure we all wish him bon voyage. I should like to inquire whether during his visit he will be meeting with the leaders of other Caribbean islands, and whether the talks which are scheduled will concern the development of a Canadian sugar policy.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it would be quite impossible to have any talks with any government in the West Indies on behalf of the Canadian government without talking about sugar.

INDIAN AFFAIRS

INQUIRY AS TO AMENDMENT OF INDIAN ACT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I should like to address a question to the Prime Minister. When does the government intend or plan to bring into this house the extensive amendments to the Indian Act which the Minister of Indian Affairs and Northern

Development announced on Saturday last would be put through this year?

Right Hon. L. B. Pearson (Prime Minister): As soon as practicable, Mr. Speaker; but there is a certain amount of very important legislation already on the order paper. It has been stated that this legislation will have immediate priority. When it is disposed of we hope to proceed to other important legislation including the proposal to which the hon. member refers.

Mr. Harkness: Does the Prime Minister means by his answer that he expects to have this legislation introduced and dealt with before the proposed summer recess?

Mr. Pearson: That will depend on the progress we make with the legislation before us, and with the estimates.

Mr. Frank Howard (Skeena): Could I ask the Minister of Indian Affairs and Northern Development as a supplementary question whether he intends at the earliest possible moment simply to introduce the amendments to the Indian Act so they may become public knowledge, thus giving the Indian people a chance to express their views on the proposals before they are implemented?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): The Indian people have already expressed their views at two meetings of the National Advisory Board, and expect to complete their submission at a third meeting which is about to take place.

HOUSING

MEETINGS OF STUDY GROUPS RESPECTING SHORTAGE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): I will address this question to the Minister of Labour. In view of the most recent reports on Canada's housing shortage I would ask the minister whether he is considering terminating his cross-country symposiums earlier than planned in order that we may have concrete action sooner than originally anticipated.

Hon. J. R. Nicholson (Minister of Labour): No, Mr. Speaker.

Mr. Grafftey: Then I will have to bring the matter up at ten o'clock.

Some hon. Members: Oh, oh.

Mr. Grafftey: Hon. members laugh, but it is not a laughing matter.

[Mr. Harkness.]

[*Translation*]

IMMIGRATION

REQUEST FOR ASSISTANCE TO POLISH VISITORS TO EXPO '67

On the orders of the day:

Mr. Roger E. Régimbal (Argenteuil-Deux-Montagnes): Mr. Speaker, I should like to direct a question to the hon. Minister of Manpower and Immigration.

The Canadian Polish Congress stated that about 10,000 Polish people would be anxious to visit Expo '67 but that on account of red tape fewer than 10 per cent of this number will be able to come to Canada. Is it the intention of the minister to take urgent steps in order to cope with the situation?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I shall inquire about this. I do not know where this figure concerning 10,000 people comes from or anything about the 10 per cent figure but at any rate I will inquire about this and see to it that the issuing of visas is progressing normally in Poland.

Mr. Régimbal: Mr. Speaker, a supplementary question.

Could the hon. minister justify also the security bond of $500 to $1,000 per individual required by Canada? Could he justify the advisability of such a requirement at this precise moment?

Mr. Marchand: Mr. Speaker, I will simply inquire about the situation and will answer later on.

[*English*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of National Defence. My question is prompted by the concern of several elderly ladies who are very perturbed about what has happened in the defence committee in recent days. Will the minister give consideration to members at future meetings of the defence committee being given battle helmets and battle dress in order to avoid casualties?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I thought I might suggest that my hon. friend be appointed to the committee ex officio as sergeant-at-arms.

OLD AGE SECURITY

INCOME SUPPLEMENT—MEANING OF "CAPITAL COST ALLOWANCE"

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Minister of National Health and Welfare. I wonder whether the minister is able to provide the house with an explanation as to the meaning of "capital cost allowance" under section 7 on page 10 of the document dealing with the guaranteed income supplement. I have been asked a number of questions about this by my constituents and have not been able to ascertain just what is meant by it.

Mr. Speaker: Order, please. I am sure the hon. member will recognize that this is not the type of question that can be asked at this time.

Mr. Coates: On a point of order, Mr. Speaker, the problem I face is that if I put this question on the order paper I will encounter a great deal of delay in getting an answer, yet I am being asked about it daily.

Mr. Speaker: Order, please. I am afraid that is the hon. member's problem, but I am sure that with a little effort he might be able to secure an answer faster than in other circumstances if he can convince the responsible minister that this is a matter of urgency. I suggest to him that the question cannot be asked now.

LABOUR RELATIONS

NEGOTIATION OF CONTRACTS BETWEEN DOMINION COAL AND UNITED MINE WORKERS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, my question was intended for the Minister of Energy, Mines and Resources but in his absence I will direct it to the Prime Minister. Would the Prime Minister authorize the negotiation of contracts between Dominion Coal and the U.M.W., since the miners in the union have been without a contract since August, 1966?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will discuss this matter with the minister.

VETERANS AFFAIRS

ALBERTA—CLOSING OF SOME WARDS IN COLONEL MEWBURN HOSPITAL

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Veterans Affairs, to whom I have given brief notice. I wonder whether he would be able to reassure the veterans in northern Alberta that the recent closing of a number of wards in the Colonel Mewburn hospital will not impair the availability of services to veterans. I apologize for asking this question in this way but I face the same problem as the hon. member for Cumberland; and I know the minister is ready to answer.

Mr. Speaker: I normally would apologize to the hon. member for having to suggest that the question be placed on the order paper; but if there is urgency and the minister is prepared to reply, I will certainly allow the question.

Hon. Roger Teillet (Minister of Veterans Affairs): Thank you, Mr. Speaker. I do appreciate this privilege, because it is important that veterans in that area be reassured on this point. I can assure the hon. member that the changes which have taken place in the hospital will in no way affect the services to the veterans of that region; they will in no way downgrade those services, or affect the number of veterans who can be accommodated.

EXTERNAL AFFAIRS

INQUIRIES AS TO TRIP BY MEMBER FOR LEEDS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): While the hon. member for Leeds (Mr. Matheson) is on tour I would ask the Prime Minister whether any authorization has been given to that hon. member to produce a Canadian tartan for confederation year. Was any authority given to him to produce the red and white tartan which he has in his office, which certainly is a studied insult to the Scots if it is to be the one.

Right Hon. L. B. Pearson (Prime Minister): The hon. member for Leeds is a Canadian citizen and can produce any tartan he desires. But if he does so it will not be with any official authorization on the part of the government.

Mr. Diefenbaker: My question was, did he have authorization? I ask it because, as he

travels abroad, every day he issues bulletins. Did he have authorization?

Mr. Pearson: I am very glad to answer this important question with a decided negative.

[*Later:*]

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, my question is for the right hon. Prime Minister. In view of the announcements, from Singapore on Saturday and from Malaya this morning, that the hon. member for Leeds is making the most important call of his trip, I wonder if the Prime Minister will inform us which point of arrival is the most important, and what are the terms of reference at these points. Are they political or economic?

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

Mr. Diefenbaker: Mr. Speaker, I rise on a question of order. Surely the members of this house do not have to depend on the C.B.C. for information as to the perambulations of the hon. member for Leeds. The hon. member on Saturday announced through the C.B.C., as he arrived in Singapore, that this was the most important point of his tour. This morning we heard over the C.B.C., as he arrived in Malaya, that this was the most important point of his tour. We are just wondering when these important visits will cease.

Mr. Speaker: Order, please. I suggest to hon. members that perhaps the most important point in the trip will be when the hon. member returns to the house.

TRANSPORTATION

INQUIRY AS TO REPORT ON MARITIME STUDY

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is for the Minister of Transport. I wonder whether the minister can tell us exactly at what stage is the study on maritime transportation problems.

Hon. J. W. Pickersgill (Minister of Transport): I believe it is progressing very rapidly.

FINANCE

INQUIRY AS TO TAXATION COMMISSION REPORT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is directed to the Minister of Finance. Should we take seriously the statements which have been made to the effect that the report of the Carter commission is to be tabled at the end of this week?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker. Mr. Carter, the chairman of the commission, has been in touch with the government. He intends to deliver the report to the government at the end of this week. Our plan is to table it in the house on Friday evening at 6 p.m.

Mr. Knowles: If the report is to be tabled that soon, would the government consider postponing asking for third reading of the bill to increase the sales tax?

Mr. Sharp: No, Mr. Speaker.

ADMINISTRATION OF JUSTICE

NEW YORK—ARREST OF CANADIAN CITIZEN AT KENNEDY AIRPORT

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, I have a question for the Secretary of State for External Affairs, but in his absence perhaps the parliamentary secretary might answer it. Could the parliamentary secretary report on what action is being taken with regard to the seizure during the past week end by United States authorities in New York of a Canadian citizen who had been en route by air from Paris to Mexico City?

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): I thank the hon. member for York-Scarborough for having given me notice of this question. My information is that Mr. Sniderman had been arrested and arraigned for a federal offence before a grand jury in New York in July, 1965 but had jumped bail and left the country.

Last Thursday while en route from Paris to Mexico the aircraft in which he was travelling made a regularly scheduled stop at Kennedy airport, New York, where Mr. Sniderman was arrested and arraigned. I have no reason to believe that there was any irregularity in the procedure followed by the United States authorities in apprehending Mr. Sniderman when he came within their jurisdiction for an offence alleged to have been committed within that jurisdiction. The Canadian consulate general in New York is, however, making inquiries into the matter

with a view to ensuring that Mr. Sniderman receives no less favourable treatment under United States law enforcement and judicial procedures than would be accorded to a United States citizen in similar circumstances.

AGRICULTURE

REQUEST FOR COMMITTEE TO STUDY CRUELTY TO ANIMALS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to ask the Prime Minister. I wonder whether the Prime Minister can say today whether he has reached a decision on a question he undertook to give active consideration to some little time ago. The question had to do with the reference to a parliamentary committee of several matters concerning animal welfare.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have made inquiry into this matter, and I am informed that the feasibility study in respect of setting up a Canadian council for animal care, to which I referred in my earlier reply and which now is being made, is to be completed shortly. Indeed, the final report is expected within a few weeks. I think until that report is received I should reserve a decision as to whether it should be submitted to a committee.

HATE LITERATURE

INQUIRY AS TO PROGRESS IN CONSIDERATION OF LEGISLATION

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the government house leader. I should like to ask him whether he can inform the house what progress is being made in the other place on the bill to amend the Criminal Code with regard to hate propaganda. Also I should like to ask him how soon he expects the legislation to be referred to the special joint committee established for the purpose.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, the difficulty is that item No. 130 on the order paper, which is the provision for this house to set up its part of the joint committee, has not been dealt with by the house. I would hope to give it effective priority as quickly as is consistent with the demands in respect of the other items on the order paper. There are some 21 items before the house at the moment. It is just a matter of getting to it as quickly as possible.

Inquiries of the Ministry

BUSINESS OF THE HOUSE

REQUEST FOR STATEMENT ON TERMINATION OF SESSION

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the Prime Minister whether he can give any firm indication at this time as to when the session will be terminated, so the committees will know how to arrange their business; or alternatively, whether any arrangements are being made for these committees to carry on during the ensuing session without having the deliberations they have engaged in so far go to waste.

Right Hon. L. B. Pearson (Prime Minister): I think perhaps the house leaders of the various parties could get together to look at the situation in the light of the progress which has been made. My hon. friend will recall that I had expressed the hope a few weeks ago, when I indicated the list of proposals which we hoped would be dealt with before the end of the session, that other things being equal we might be able to finish this session on March 10 and begin a new session on March 13. I think perhaps that was over-optimistic in view of the progress we have been making.

Hon. D. S. Harkness (Calgary North): I have a supplementary question, Mr. Speaker. I take it from what the Prime Minister has said that the intention to end the session on March 10 now has been abandoned. I should like to ask him whether the intention he announced to adjourn for a week to 10 days over Easter is still firm.

Mr. Pearson: I think I will have to reserve a decision on that until there has been a discussion among the various party house leaders. It still is not beyond the bounds of possibility that we might finish this session on March 10.

REFERENCE TO COMMITTEE OF EXTERNAL AFFAIRS DEPARTMENT REPORT

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Minister of Public Works concerning the sequence of house business. Could he advise us when it is intended to bring forward item No. 13 which is the referral to committee of the annual report of the Department of External Affairs?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, it is impossible to indicate the order of the house business in this way. I would be very glad to bring that matter forward, if I thought it would pass without debate.

Inquiries of the Ministry

PILOTAGE

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Transport and ask him whether he can apprise the house when he may present to it the report of the royal commission on pilotage. I should also like to ask him if he still has the view he always has had that he cannot accept this question, can he explain how such a slowpoke happened to be appointed as the commissioner.

Hon. J. W. Pickersgill (Minister of Transport): I do not feel I should answer that question in the form in which it is asked. I think we have a rule in this house that we must show proper respect for the judiciary. The royal commission, as the hon. gentleman knows, was appointed by the right hon. gentleman who is now Leader of the Opposition, or his government. I believe it is doing a very thorough and conscientious job. I am very anxious to see this work terminated as soon as can be, and I can assure the hon. gentleman that as soon as the report is received it will receive immediate consideration.

LABOUR CONDITIONS

MCKINNON INDUSTRIES—TAB PAYMENTS FOR WORKERS LAID OFF

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Labour and ask whether his attention has been drawn to the fact that some 900 workers have been permanently laid off by McKinnon Industries of St. Catharines Ontario and are not receiving the transitional assistance benefits; and that of the 240 females only 120 have been certified and of the 660 males only 255 have been certified by the adjustment assistance board. May I ask the minister what action will be taken by his department to see that these people receive the TAB payments to which they are entitled?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, about an hour before I came to the house I received a telegram containing information along the lines of that in the question just asked by the hon. gentleman. I have asked for an up to date report on it and expect to receive it at about four o'clock this afternoon. I will be guided in any action I may take by the contents of that report.

[Mr. McIlraith.]

Mr. Douglas: I have a supplementary question. Has the minister received any complaint to the effect that the union has not been able to secure from the adjustment assistance board the names of those certified, and has not been able to get an interview with the board? Can the minister deal with that matter?

Mr. Speaker: Order, please.

Mr. Nicholson: Mr. Speaker, I will have to take notice of this supplementary question.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): A supplementary question, Mr. Speaker. When the minister is looking into this matter will he enjoin the members of the adjustment assistance board to give an opportunity to the local union officials to meet with the board and review the situation; because according to the telegram received this unemployment is a direct result of the automobile agreement.

Mr. Nicholson: Mr. Speaker, the government has no wish or intention to give direction to a board headed by a Canadian of the outstanding abilities of Professor Bladen. However, I will see to it that the right hon. gentleman's request is passed on to Professor Bladen.

PRIVILEGES AND ELECTIONS

CONSIDERATION OF REPORT OF COMMITTEE ON ELECTION EXPENSES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the hon. member for Northumberland-Miramichi in his capacity as chairman of the committee on privileges and elections. My question is related to the one asked by the hon. member for Châteauguay-Huntingdon-Laprairie. In order that we may study the matter of campaign fund contributions to political parties may I ask the hon. member when he intends to call that committee together so we can deal with the report of the election expenses committee?

Mr. G. Roy McWilliam (Northumberland-Miramichi): It is planned to call a meeting of the committee just as soon as possible. I think all hon. members will agree there is great difficulty in getting enough members to form a quorum for a meeting owing to the fact that too many committee meetings are being held at this time. However, a meeting will be called as soon as possible.

CANADIAN NATIONAL RAILWAYS

TRANSACTIONS RESPECTING RAILWAY GRADE CONSTRUCTION CONTRACTORS

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Transport. Now that the minister has had time to rest following the passage of his transportation bill may I ask him whether he has had time to give attention to a matter which has been pending now for about three years, I believe, namely that involving the Canadian National Railways and three or four railway grade construction contractors who are facing bankruptcy?

Mr. Speaker: Order, please. As the hon. member said himself, this matter has been pending for a few years. I suggest that in view of these circumstances it cannot be asked at this time.

Mr. Schreyer: I would point out with respect, sir—

Mr. Speaker: Order, please.

COAL

REQUEST FOR STATEMENT ON NEGOTIATIONS WITH JAPAN

On the orders of the day:

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources, and ask whether he is in a position now to make a statement concerning the negotiations which have been taking place over the past three years between the coal operators in the Crowsnest pass area and the Japanese coal industry.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the minister is not in a position to make that statement because unfortunately he is not here this afternoon, but I will take up the matter with him.

PUBLIC SERVICE

PROVISION FOR ESTABLISHMENT OF COLLECTIVE BARGAINING SYSTEM

The house resumed, from Friday, February 17, consideration in committee of Bill C-170 respecting employer and employee relations in the public service of Canada—Mr. Pearson—Mr. Batten in the chair.

The Chairman: When we rose on Friday, February 17, we were considering clause 36 at page 20 of the bill.

On clause 36—*Specification of process for resolution of disputes.*

[*Translation*]

Mr. Gauthier: Mr. Chairman, last Friday when I called it five o'clock, I was asking the government to stand this clause, and I had not quite finished my comments. I am pleased to see that those who wish to speak to the clause will probably have the opportunity to repeat their request to the government.

Further to my intervention on Friday with respect to the clause dealing with the process for resolution of disputes, we see that there are only two ways of settling disputes in this day and age: conciliation and compulsory arbitration.

It was not my intention to take part in this debate last Friday, because I trusted the government, the governor in council would be able to deal with any particular dispute. But I could hardly hold on to my seat after hearing the statements made by the hon. member for Hochelaga (Mr. Pelletier). The hon. gentleman's opinions have always been very different from those of citizens who advocate peaceful and orderly action.

• (3:20 p.m.)

His revolutionary ideas are known across the land. That is why we must denounce them as a national plague. He maintains, in fact, that the right to strike is normal; in his opinion, it is not to be used as a last resort, while union leaders who are not yet socialists consider it as a drastic measure. Striking is akin to revolution against the authority, and I maintain that it is an exceptional measure, that it is abnormal, contrary to what the hon. member for Hochelaga (Mr. Pelletier) has said.

We should study the possibility of passing an act setting out bargaining procedure intent on avoiding the drastic measure at all cost, namely striking, because in the public service, striking attacks a general right. I know this does not suit our petty socialists who need revolutions to slither into power and then do away with the workers' rights. Do you want an example? Go and try to have a single strike in Russia, and it will not be long before you wind up in a concentration camp.

Mr. Chairman, the people of Canada today fear an oncoming revolution provoked by socialist elements that we meet every day and when we see, as I was in a position to observe last Friday, the minister himself consult with socialists in the lobbies, I can assure you that our fears are intensified. Those great socialists, some of who have reached the highest

level of management within our social, political and economic institutions, advance at the cry of liberty and ride rough-shod over the most sacred rights of millions of workers, if not the population as a whole.

They start by deducting compulsory dues from the workers' pay cheques, in order to guarantee salaries of $25,000, $35,000, $45,000 or more to prominent union leaders—after all, one must make a living—without guaranteeing anything in return. I have had an opportunity to note this fact in many contacts with unions, such as the railway workers union, etc.

The hon. member for Hochelaga said that never had a union leader used his influence to call a strike. The hon. member should talk to some former strikers of the Aluminum Company in Arvida. Let him suggest to them to strike again and he will see what the workers think of strikes organized by some union leaders.

We are against all strikes, just as the great majority of workers who are forced to use that very dangerous weapon today. That is why, on consideration of this bill, we are asking the 265 hon. members to study the possibility of setting up immediately a permanent non political commission having the necessary powers to ward off that national evil forever. Thus, while sparing our country the experience of the socialist countries, we will guarantee to the workers their rights, while admitting the rights of the employers, and especially while considerng as most sacred the rights of society in general.

Once again, what our people are wishing for is to live in peace and security, guaranteeing our citizens their freedom of action. To achieve that, everyone must accept at the start the principle of authority which is seriously threatened today.

Anarchy has always led to blood baths; let us keep in mind that those who accept the principle have already agreed to the unfortunate consequences. The premonitory sign of all this is when you hear the cry: Down with the authority.

Mr. Chairman, are there not signs in some areas of the country? This is only a warning that I give in passing and I urge you to read the headlines of certain newspapers, to watch television, the perfect haunt of some well-known socialists. Look at some of them parading with banners which, in the name of freedom, insult established authority.

[Mr. Gauthier.]

Mr. Chairman, in the presence of such chaos, I think we could repeat this old saying: "Liberty, what crimes are committed in thy name."

[*English*]

Mr. Nowlan: Mr. Chairman, I should like to amplify the few remarks I made last Friday on clause 36. I wish to make it abundantly clear at the outset that so far as the public service commission that is being set up is concerned I have no criticism of the conscientious and constructive work that committee did in connection with these three bills. These bills are extremely technical and of course the livelihood of over 200,000 public servants is bound up with these bills which deal with this very sensitive field. The work of the committee has resulted in very bold and enlightened legislation which extends for the first time the right of collective bargaining to civil servants as well as the right to political participation, with some reservations, on a national basis.

The man who was the catalyst in respect of this piece of legislation, Mr. Heeney, prepared a report entitled "Report of the Preparatory Committee on Collective Bargaining", to which reference was made the other day. Mr. Heeney testified before the committee and, as indicated on page 346 of the committee evidence, referred to these three bills as revolutionary in concept. Near the bottom of page 346 Mr. Heeney is reported as having said:

> These measures would vest new and important responsibilities in employee organizations and in the Treasury Board—

On page 347 Mr. Heeney refers to these bills again and is reported as having said:

> —they would confer on organized employees a capacity—I am talking now of the present legislation before you—unmatched, I believe, in any public service of comparable size to protect their interests and improve their conditions of employment.

The minister himself in giving evidence before the committee, as reported at page 199, refers to the proposed legislation as introducing reforms in the internal administration of the public service which have only one parallel in our history, namely, the reforms brought about by the Civil Service Act of 1918. The debate on the Civil Service Act of 1918 lasted six days and was primarily concerned with ensuring security for the employeees and removing the large degree of patronage which had bothered the public service up to that time. The general remarks which I may direct to this bill at this time are not directed against the committee or the

public service but are directed against clause 36. I believe that even though a great deal of labour has gone into the production of this bold and enlightened legislation, it is the duty of all members, regardless of whether they were on that committee, to scrutinize the legislation as a whole or any section of it and to criticize any principle which a member believes is not soundly based.

I want to make it clear that when I criticize the principle contained in clause 36 I am not directing my remarks to the right of labour in general to strike. I am not suggesting that the bill be delayed. It has had a long period of incubation and it should proceed. I know that the public service is awaiting passage of the bill. Clause 36 for the first time in Canada, gives the public service the right to strike, and I find that offensive. I believe that this clause is dangerous in effect, has a dubious origin and is unnecessary. It gives a licence to strike by legislation, a right found in only two other countries in the world, namely, France and Sweden. I understand, according to the preparatory report of Mr. Heeney, that even in France there is the right for the government to interdict the right to strike if necessary.

• (3:30 p.m.)

While in general the bill is bold and while in particular I am only against clause 36, I frankly resent some of the comments which were made on Friday. The hon. member for Hochelaga, in referring to his Olympian oracle and speaking from a philosophic ivory tower, suggested that to take a stand against the bill was the popular thing to do. To have his second words in this chamber on that point is something I personally resent. He can make his Olympian and Delphic oracle contribution from his philosophic ivory tower, but I would have hoped that he could offer more than that to the debate.

So far as the fish or fowl argument is concerned and some of the criticisms of hon. members that the bill puts fish or fowl into the legislation, the people in the public service who are closest to us physically are the staff members of the Senate and House of Commons in contrast to the other public servants across the country, so I suggest that "fish or fowl" really is not an apt analogy. There is no attempt here to make fish out of fowl or fowl out of fish. Those two species are in different environments. In Canada there are two different environments, the public sector and the private sector. This is recognized by the bill in the exclusion of the House of Commons staff, the Senate staff, members of the armed services and other groups, people within the fish environment or the fowl environment, depending on the analogy.

With regard to taking a position on the right to strike it is suggested that one cannot take a position on the question if one does not hear the briefs or listen to the witnesses. There are, however, minutes of the committee hearings available to us. I suggest you do not have to be a doctor to recognize a pregnant lady. I suggest further that in this analogy you do not have to be involved in all the technical, complicated aspects of this legislation which I am not involved in and obviously do not understand, to recognize one of the basic principles besides political participation for public servants, and that is the right of collective bargaining which can lead to the right to strike. This principle does not involve technical grounds. Accordingly one can constructively criticize the work of the committee in producing clause 36 of the bill which provides for the right to strike.

The hon. member said it was unfortunate to see someone rather youthful criticize this clause of the bill. I suggest that the hon. member knows full well that only two other provinces of Canada, Saskatchewan and Quebec, have anything close to clause 36. In Ontario the rights of public servants are settled by compulsory arbitration. I am informed that Sweden and France, as somewhat reluctantly and hesitantly admitted by the minister on Friday, are the only two countries where there is the right to strike. England, which has a pretty advanced social conscience and legislative record, resolves differences in that country by compulsory arbitration or agreement.

Mr. Bell (Carleton): That is not true.

Mr. Nowlan: I read from page 21 of the Heeney report, the report of the preparatory committee on collective bargaining:

> In 1925, the employee organizations and the United Kingdom government signed an arbitration agreement which provided for the referral to a civil service arbitration tribunal of disagreements relating to "emoluments, weekly hours of work, and leave". The tribunal consists of a chairman appointed by the minister of labour after consultation with the parties and two members named by the chairman from panels of individuals representative of the interests of the official and staff sides.
>
> It should be noted that the Whitley Council system has no statutory base. Its mechanisms and processes have been provided for, over the years, in a number of statements of government policy and in agreements between the official and staff sides.

It should also be noted that there is no statutory reference in the United Kingdom—

All I said, Mr. Chairman, was that there was no statutory reference in the United Kingdom—

—to strike action by public servants. The government's policy in this regard was stated in 1946 in the following words:

"...nothing that we propose to do now will make it any more legal than it is today for civil servants to take strike action...I take the opportunity of making it quite clear that this government, like any government as an employer, would feel itself perfectly free to take any disciplinary action in any strike situation that might develop..."

Yet in clause 36 in this piece of legislation we are setting up the machinery for the very strike action that the Heeney report criticized, a right which, according to the quotation I have given the government of the United Kingdom said it would take action against.

Mr. Benson: Would the hon. member permit a question? Perhaps I could ask two questions and clear them both up at the same time. Does the hon. member realize that in the British legislation there is no prohibition of the right to strike? That is my first question. My second question is: Given no prohibition of the right to strike, which we also did not have in Canadian legislation, is it not better to provide in legislation procedures whereby there can be consultation and conciliation before strike action rather than have strike action taken summarily?

Mr. Nowlan: In answer to the first question may I say I am perfectly aware that there is no prohibition of the right to strike. But the reason I read that section from the Heeney report, containing the United Kingdom's statement of policy in 1946, is the inference that can be drawn, I suggest to the minister, that if strike action was taken the government of that country would take disciplinary action. We are not even stopping at that point but are going on to set up strike procedures.

So far as the second question is concerned, I am in full agreement with one of the main principles of this bill, which is to set up the process of collective bargaining. I mentioned that on Friday. You carry on consultation, hope to finish any dispute by conciliation but then, as recommended by the Heeney report, you resolve it by compulsory arbitration.

Mr. Benson: I wonder whether the hon. member would allow me to ask a third and concluding question. Does he not realize that here just as in Britain parliament has the ultimate right to act if the public interest is affected by a strike that might result after all the normal processes provided in this legislation have been exhausted?

Mr. Nowlan: Yes, obviously I would have to agree. We have exercised this right recently. Obviously parliament should have this right. But my objection is that by setting up the machinery you are accentuating the right to strike. We are now silent on this and I suggest we should remain silent.

To return to the remarks made about youth I point out that Mr. Heeney, who has had much more experience in the civil service than I will ever have, prepared a paper on this question. Either the report of the Glassco commission or the Heeney report was the original stimulus for this legislation. His terms of reference were confined by the Prime Minister to making a study of arbitration procedures but he sets out—and he is no youthful man in the context of real youth—his objections to giving the right to strike. He also set out his objections in evidence before the committee. On page 24 of his report the following statement appears:

After reviewing the principles underlying industrial relations law and practice in Canada and the experience of other public services in Canada and elsewhere, and taking into account the traditions and operating requirements of the Public Service of Canada, the preparatory committee, in its early deliberations, came to the conclusion that an appropriate system of collective bargaining and arbitration for the Public Service should have a number of basic characteristics.

A number of these are set out, Mr. Chairman, the second of which is:

It should make available, for use at the initiation of either party under prescribed conditions, machinery for the arbitration of issues on which agreement cannot be reached in negotiation.

I suggest that Mr. Heeney was not too youthful to present that view. Certainly that has been the experience in England and Australia, which also has a pretty advanced social conscience. I quote from page 23 of the report:

In Australia, it is mandatory for all labour-management disputes, including those relating to the public service, to be submitted to a conciliation and arbitration process. Arbitral awards are legally binding.

So you have compulsory arbitration in Australia. The United States is the closest free enterprise country to Canada geographically. An interesting statement is found on

page 22 of the report. In dealing with the United States the report says:

> The compensation, hours of work and other conditions of employment of employees of the United States government are to a large extent determined by Congress. To this extent, the executive is not in a position to bargain collectively with employee representatives.

At the top of page 23 of the report appears this sentence:

> No employee of the United States government may participate in a strike. An employee so doing is subject to immediate dismissal and is ineligible for re-employment for a period of three years.

• (3:40 p.m.)

So we have three countries, all more advanced and with longer experience in labour relations procedures than ourselves, and one of the most knowledgeable men in the public service, Mr. Heeney, all saying that the right to strike should be curtailed. Mr. Heeney gave his views before the committee. Members who did not attend the sessions are able to read those views. They are set out on page 351. Some of his evidence is worth repeating, though I will not repeat ad nauseam. He describes the difference between the private and public sectors and on page 352 he says that the unique characteristic of the public service is that those exercising the highest responsibilities were elected to office in part by the employees themselves. This raises most relevant questions. He also says on page 352 that the interest of the whole Canadian community is paramount. He states on that page:

> —we were not persuaded that the parties in bargaining could always be depended upon to preserve the public interest in these two vital areas—

That is Mr. Heeney's view. On page 354 he suggests, and this is his personal view, that compulsory arbitration should be provided. That seems to be his position as I read his evidence. The majority of the staff associations do not want the right to strike; they want the right to compulsory arbitration. Mr. Heeney suggests on page 355:

> —there is little doubt in my mind that the demand of the large majority of organized employees in the public service for binding arbitration and the larger and more evident protection which that method—that is, arbitration—of resolving disputes would provide for essential public services, would, almost certainly in my judgment, have led the preparatory committee to propose provision in the Industrial Relations and Disputes Investigation Act itself for the arbitration of public service disputes.

He admits that is his personal view, but he does not hedge. Nor is that a naïve view of youth. On page 357 he says that the recommendations of the preparatory committee are imaginative and even bold and radical. He states:

> We do not feel that we have produced a reactionary document. We feel that we have produced a document which deserves a place in the progress of the Public Service of Canada, which is progressive and which does introduce, or would introduce, if accepted, a new relationship between the government as employer and its employees, which would be healthy, consistent with the principles of the outside sector and in every way constructive and advantageous to the employees.

Note, Mr. Chairman, that he did not go as far as the legislation has. One has only to look at the province of Quebec to see the potential dangers inherent in the right to strike where a third party, the public, is involved. Where the public interest is involved I suggest it is reasonable and not reactionary to call for compulsory arbitration between the parties. That is the method adopted by most countries except France and Sweden. The proposals in this bill are of dubious value. One need only look at what the minister said on page 204 to realize this. He stated:

> The preparatory committee, in its July 1965 report, recommended a process of dispute settlement which would remove from the government its traditional authority for unilateral determination of the terms and conditions of employment of public servants, by providing employee organizations who had won bargaining rights, with the right to invoke arbitration which would be binding on the employer, the bargaining agent and the employees concerned. This was precisely the kind of dispute settlement process that most employee organizations had sought for many years, and which the principal associations continued to endorse. The government's response to the proposal of the preparatory committee was positive. In the view of the government the proposed approach to dispute settlement would provide the majority of employees—

He refers to the majority of employees. I continue with the minister's words uttered on June 28, 1966:

> —with the kind of system they had asked for and the Canadian public with the optimum protection against the disruption of public services. The basic concept appeared to be a good one, requiring only a slight amendment to make it quite clear that the government as employer would, in fact, be bound by the awards of the arbitration tribunal.

Then he adds:

> At about the same time that the preparatory committee reported, it became increasingly clear that members of employee organizations in the Post Office Department opposed the recommended system of dispute settlement as a matter of principle. In this position they were supported by spokesmen for organized labour in other areas of the community.

Public Service Collective Bargaining

In the circumstances, the government decided to accommodate the views of those who were opposed to arbitration in principle by including in the legislation an alternative process of dispute settlement directly comparable to that provided in the Industrial Relations and Disputes Investigation Act. The basic decision to provide for two separate and distinct dispute settlement processes created a new and unprecedented situation.

It seems, from the minister's words, that compulsory arbitration would have fulfilled the demands of the majority of the associations involved. It appears that the postal workers did not care for this arrangement, and some evidence of that may be found on page 301 in Mr. Kay's brief. I hesitate to suggest that the postal workers were effective in changing the legislation from that providing for compulsory arbitration to its present form, but as found on page 301 Mr. Kay said to the committee:

We are certain it is no secret to the hon. members of this committee that a majority of the members of the Canadian Union of Postal Workers are prepared on very short notice to withhold their labour power in order to achieve one or the other of these two objectives: either that the I.R.D.I. act be opened to permit postal workers to bargain under its procedures by direct amendment of that statute or, the conversion of the Post Office Department to a crown corporation. We would not pretend to influence this committee by threat, and we want it clearly understood that no threat is being made; we are merely informing the committee of the deep and abiding sincerity in which postal workers approach the issue of full and free collective bargaining.

If collective bargaining is approached in that spirit there can be no objection to it. Yet I wonder what effect the postal union brief had in changing the final intention of the government as set out by the minister in June and as first proposed in this legislation. Regardless of what the postal unions say, it is my belief that the majority of the associations want the arbitration procedure. In that connection I refer to the Woods committee. There is merit in the suggestion that the postal workers be part of a crown corporation. I say that the right to strike ought to have been excluded from this legislation. The majority of the staff associations do not want it.

I believe the minister said on Friday that the associations will not use that right as the public is against it. When one looks at legislation in other areas, including Saskatchewan and Quebec, and sees what the right of strike in legislation does, the government should consider seriously removing the present clause. The staff closest to us in the house—and we are supposed to be model employers—are not included in this bill. They are not in the legislation. This bill seems to make fish

[Mr. Nowlan.]

and fowl of the same matter at the same time. In accommodating one group of Canadians the minister has forgotten the rights of all Canadians, including the majority of those affected by this bill.

The Chairman: Shall clause 36 carry?

Mr. Langlois (Mégantic): Mr. Chairman, I have some observations to make on this clause, particularly after listening to some hon. members who spoke last Friday. To a great extent I agree with the principles enunciated by the hon. member for Digby-Annapolis-Kings so far as the right to strike is concerned. I was surprised when I read the opinions expressed by the hon. member for Hochelaga last Friday in this connection. He has astonished me before and he has done so again. I do not know whether these somersaults are typical of him. I had taken him to be a man of fairly sound judgment. He brought in such things as freedom of speech, freedom of association, freedom of the press—all those freedoms which are mentioned in the Bill of Rights. But there is a limit to all these freedoms. Duplessis once said that everybody was talking about rights and nobody was talking about obligations.

• (3:50 p.m.)

I recognize that strikes are a means to an end, not a goal. Strikes are an extreme method of reaching an understanding between the parties concerned. Even so, there are occasions when the government has to step in and block strikes as was the case in the province of Quebec last week. As a former teacher in that province I fully realize that the salaries, working hours and teaching conditions needed improvement. But is it right for an improvement to be brought about at the expense of hundreds of thousands of students who have been wasting their time when they ought to have been following their studies?

We may suffer injustice as individuals but we cannot take strike action when such action will cause social injustice. Two wrongs do not make a right. We need freedom of speech, and we will use it. Freedom of the press is most useful during negotiations. The hon. member for Hochelaga said he had never known organized labour to take advantage of such a situation because those involved in the dispute on the labour side used their own good judgment. They do. Sometimes, however, the workers concerned are not in a position to see the over-all picture. They are not the ones who sit around the table and they are not always given an exact picture when

their negotiators come back to them. In the case of the teachers' strike, the negotiations went on behind closed doors. This displeased the public because it was the public which was paying and suffering.

I was myself an executive of a labour organization in my district and I know that on occasions it is necessary to straighten out some of one's own colleagues. The workers can use their good judgment and reason things out if they have all the evidence. But they do not always have access to this evidence; we do not always give it to them.

When workers depend on organized labour to do their negotiating for them, let the negotiating be done honestly and pursued until there is no longer a possibility of reaching a common accord. At that point a mediator has to be called in, and if this is not enough other action may have to be taken to end the dispute. At least we might expect to see a non-political organization established to deal with some of these disputes in their final stages so that the government itself would not be bound to intervene directly every time a serious difficulty arises. If the hon. member for Hochelaga believes there has never been any brainwashing, that is his business. I am very willing to have regard for the employees' side but I also have to consider the management side because the fault is not always on one side.

If we were to eliminate the right of association we would be going far beyond what is called for in any democratic country. But the right to associate does not mean the right to cause national chaos. We do not allow our economic affairs to be controlled by cartels. When cartels or monopolies are formed the government steps in and breaks them up. Similarly we should not allow any association, because of its size or its influence, to exercise monopoly power over the economy or over the rights of the Canadian people as a whole.

• (4:00 p.m.)

Let me refer again to the latest strike which occurred in my own province. Every one of the children affected had the right to go to school, the right to receive an education. I must say I do not like the way in which the vote was taken. Just over 5,000 people voted. The question was put this way: "Do you wish to stop the strike, or continue it? Do you wish to stop it on Monday or Wednesday, or continue?" There were three questions in one. In the result, out of the 5,000 who voted 3,000 voted in favour of stopping the strike that morning. That was the result of the secret ballot. I still say that the vote was not carried out in an honest manner. When the result was announced, there was an uproar in the hall. These people were happy to quit striking; they were happy it was over. But the way the question was put was dishonest. These 5,000 people should have been asked: "Do you want to quit striking tomorrow morning or vote on the Wednesday issue?" These questions should not have been put together in the hope that the split vote would be in favour of those who wished to continue the strike. Let the hon. member for Hochelaga chew on that and digest it for a while. I sometimes doubt his reasoning because he has qualified the Liberal party as a trashcan and yet he jumps in it. Therefore I sometimes doubt what he says.

Some hon. Members: Oh, oh.

Mr. Langlois (Mégantic): I didn't say it; the hon. member for Hochelaga said it. I have never gone as far as to say that the Liberal party is a trashcan. He said it. You can judge for yourself, Mr. Chairman, whether that is right. I know the government does not want to abolish the right to strike but sometimes it is necessary to put a little sense into the other guy's head. Sometimes labour and management go to extremes. We have to arrive at some sort of set-up to deal with these problems before they create a crisis and a national calamity. We had many of these problems last year. I suggest that the government should establish a permanent board to deal with labour-management disputes. It should not be a political board. The board should be able to deal with these problems before they become national crises. Some people will not accept a mediator to settle their disputes. I think we will have to consider at some time setting up a permanent board to deal with situations where there seem to be no possibility of the parties involved reaching agreement. In these situations a mediator can make a clear, concise judgment with which both parties should comply.

This may be considered to be an extreme way of dealing with this problem, but I would point out that when you come before a court it is also an extreme way of dealing with problems. If you cause social injustice and go beyond your rights you appear before a judge, who is an arbitrator, and the judge will make a decision whether you are in the right or should pay the penalty for being in the wrong.

Mr. Benson: Mr. Chairman, I wonder whether the hon. member would permit me to ask a question? Does the hon. member realize that under this legislation conciliation or arbitration is compulsory, no matter which course is taken? If you move in the direction of the right to strike, conciliation is compulsory before there is the ultimate right to strike. If you move through the arbitration channel, you may move directly from negotiation to arbitration and skip the conciliation channel.

Mr. Langlois (Méganiic): I agree with the minister, Mr. Chairman; I go along with that. There is always a possibility that there will be a strike and therefore I have doubts about this matter. I wonder what the law would do if because of a strike people not directly affected were caused hardship? I saw this happen in 1949. There was a miners' strike in my region, and as a result of that strike the miners are extremely careful about striking again. In 1949 many families suffered hardship as a result of the strike and some bills have still not been paid. If the housewives had the vote I think the picture would be somewhat different. We may have the right as individuals to cause our own families some hardship through not providing them with the necessities of life, but if by a strike we cause other people hardship it is a different matter.

I am not reassured about the question of strike. I said it was an extreme means to be used very sparingly, if used at all. I know that in this bill there is the possibility of negotiation or arbitration, which is the normal procedure. These matters have to come to a head at some time and if we cannot solve them by discussion somebody has to make a decision. The government may always keep this one door open, but they should take the steps necessary to enact legislation that will help to solve these problems. I am talking about compulsory arbitration.

I wonder whether, rather than having a different person appointed every time to solve these disputes, we could not set up a non-political board to deal with them. If it was not a non-political board I would not want a board established. Such a board would have the same effect as a judge in a court. Its members would make decisions the same as a judge. We rely on the judgment of a magistrate or judge in other matters. In a capital murder case we rely on their decision when a person's life is involved. Therefore why should we not rely on the judgment of such a person in labour-management disputes? There would not be just one judge involved but a permanent board which would be able to solve these problems to the satisfaction of the parties. In this way the government would be left as far as possible out of this type of dispute. We are legislators; we are not judges to rule on these questions after legislation has been passed. It is our duty to enact the necessary legislation, but the machinery must be provided to make the legislation effective once it has been passed. A great deal of the legislation now on the statute books is as dead as any old wood you can find along a river bank because we have never applied it or perhaps have not the necessary equipment with which to apply it.

This is the problem that we face today in strikes and labour-management disputes. We should have on our statute books very efficient legislation with the equipment necessary to keeep the legislation well oiled at all times to face any emergency before the dispute becomes a national crisis. We should not have to run to parliament to take drastic action when a labour-management dispute reaches national proportions.

• (4:10 p.m.)

I have in mind what the minister has said about compulsory arbitration and negotiation, but I believe we should establish a permanent board to deal with these matters rather than having one man, and a different one every time, deal with them. The government could keep a close watch on the board. In this way we would be able to deal with problems perhaps before they arise. In other words, we could deal with the chicken before it is hatched and prevent a great many troubles that now now beset our society. The purpose is mainly to prevent social injustice. I think we should have as much confidence in a board set up to deal with some of the management-labour disputes that arise today as we have in the judges and magistrates who are appointed to our courts.

[*Translation*]

Mr. Goyer: Mr. Chairman, the speeches we have just heard show exactly how a Conservative and a Liberal mind differ. A Conservative mind wants all legislation to be tried out by others, or at the expense of others, whereas a Liberal mind is ready to take the risk and try the experiment. In fact, by saying that the right to strike is not recognized by the majorty but merely by some countries in the world and that we should not therefore grant this right in Canada, people only prove that we should precisely

await the results of all experiments and then follow the procedure used elsewhere.

Personally, I am proud of the fact that civil servants have been granted the right to strike in my province. I am proud of the fact that my country today is one of the first in the world to take a chance on granting its civil servants the right to strike, to take the consequences and to live through this experience with them.

We are not granting a negative right when we grant the right to strike. On the contrary, we are granting and recognizing a positive right which every member of a free society must enjoy.

It has been said that all employee associations are not urgently demanding the right to strike. I submit that the time is ripe for granting the right to strike. If we wait until conditions become intolerable, if we wait until a knife is put to our throats, so to speak, the associations not being in the mood for discussion any more, then granting public service employees the right to strike under such conditions would mean granting them a right which they would exercise immediately, probably without any regard for law and order. But if we grant it now, while conditions are favourable, at a time when both parties negotiate in an atmosphere of mutual confidence, we will be taking advantage of a unique opportunity to recognize a fundamental right.

Furthermore, in establishing beforehand procedures for the settlement of disputes, we are being wise; we are making provision for future ills, in order to better cure them, because when we find ourselves in the midst of a strike or faced with imminent strike action, we always deplore the fact that no provisions have been made for adequate and flexible machinery for the settlement of disputes, in a way that would be acceptable to both parties. That is when we find ourselves in impossible situations.

On the contrary, when we are in a favourable climate today and give the right to strike to those who are not pressing for it, we are simply recognizing a basic right belonging to any man in an up-to-date and well-balanced society. A basic right, especially if we resort to an analogy and compare it to what is happening as regards private enterprise. In fact, in the public and semi-public service fields, which still belong to private enterprise, we recognize, as regards the worker, the right to go on strike in order to settle his dispute.

Why should the government, which assumes a primary responsibility concerning society, stop setting an example and provide machinery that could be applied in other fields and more especially in the public field? Why should not the government take the initiative of recognizing such a basic right on the part of its employees? Because as far as civil servants are concerned, we are definitely on the footing of employer and employees, which means that we must assume exactly the same responsibilities and not fall back upon the absence of a legislation or act as cowards concerning modern disputes which we shall have to face sooner or later, and it is better sooner than later if we do not want stagnation.

It is too often forgotten that employees do not strike from inclination. When employees strike, it is really because they are fed up and negotiations are no longer possible if that method is not used as a last resort. And the first generally to suffer the after effects of a strike are precisely those who launch it, because they have self-respect, they respect their rights and will have them respected and I believe it is honourable for them to share such risks.

So the risks are not all on the same side. In fact, the risks are on both sides and to think otherwise is to be behind the times and backwards; the facts must be faced.

What is the right to strike today? Is it being exercised only by totally and definitely refraining from work? No. There are many ways to strike today, ways that hurt and annoy the employer as much as using the right to a full strike.

Employees can hold study sessions which are just as harmful to smooth operation of business or government. They can stage a work to order strike which would be just as harmful to a government or a company.

Today, it is not by holding a big stick over employees, by enacting legislation or creating intolerable psychological conditions that we can make them work. Employees must work in a climate of mutual confidence and, if this is lacking, employees must be granted the right to go to the root of the problem in order to discuss it thoroughly, with a view to restoring an atmosphere of confidence. I feel that those who refuse to grant this right are admitting in advance that the climate with respect to relations within the Canadian government can become and could very well be intolerable.

On the other hand, if we admit that this fundamental right can be exercised as stipulated in the bill, we are creating an atmosphere of confidence which the Canadian parliament can be proud of, on both sides of the house.

I hope that there will be enough members of parliament to show to Canada, to the labour world in Canada as well as to the whole world that a government can assume its responsibilities, as much as possible unanimously.

• (4:20 p.m.)

Mr. Simard: Mr. Chairman, the brief remarks I want to submit to the attention of hon. members are prompted by the brief of the Civil Service Federation of Canada. In the short time allowed me, I will not try to make an exhaustive study of such a complex question but I want to point out to the house the recommendations and suggestions made by the employees concerned who had the opportunity to study the proposals of the preparatory committee which submitted its report in July 1965.

In order to respect the order of precedence which must be observed in the preparation of the bill under consideration, I should first of all talk about the 66 negotiating units proposed by the preparatory committee; I will refrain from going into such a complex question to deal mainly with negotiations and arbitration.

First of all, it is of prime importance that the employees be grouped according to their job when determining salaries. This basic principle is recognized and fully endorsed by the Civil Service Federation which claims that this can be achieved by having, as a bargaining agent for the public service, that organization or group of organizations which represents the majority of employees coming under collective bargaining in the public service.

It seems that the suggestions of the Civil Service Federation of Canada did not meet with the approval of the preparatory committee, although they have some merit; civil servants have proposed a compromise which legislators might consider more suitable.

Here is what they suggest: "Each job category that comes under negotiations might be considered as a bargaining unit and be represented by the employee association or a combination of the employee associations which represent the majority of employees in the particular job category."

[Mr. Goyer.]

I would not be prone to say that such a policy of compromise would guarantee full consistency in the field of social benefits, but one could reasonably infer that it would be possible to ensure the necessary consistency in the employment classes, without eliminating for all that the idea of a spread between classes. Nevertheless, I wish to point out that the suggestion of having bargaining agents based upon classes will never change our staunch conviction that "only one bargaining unit" with "only one bargaining agent" would be the most desirable system. It is, in other words, the limit of concessions that will be agreed upon by the Canadian Civil Service Federation.

Now, what should be the primary quality of the dispute settling system? It is a matter of common knowledge that the Civil Service Federation has always claimed that "collective bargaining for the federal civil service should contain provisions stipulating that cases under dispute should be settled by means of arbitration, by an impartial and independent arbitration tribunal and that the decision given by such an arbitration tribunal would be binding on both parties to the dispute". Such is the principle that was advocated from the outset of negotiations for collective bargaining for the public service, and the employees will not allow such a principle to be done away with.

Before the 1963 election, officers of the Civil Service Federation wrote to the leaders of the main political parties to find out their position concerning possible conventions or negotiations between the federal government and public service employees. The present right hon. Prime Minister, (Mr. Pearson), then leader of the opposition, explained as follows in his answer the position of his party:

> —the Civil Service should be granted the right to negotiate and to have recourse to arbitration, although it should be recognized at the same time that parliamentary supremacy makes it impossible to grant the right to strike.

This was a rather disquieting and disconcerting statement coming from a party leader who, today, by the wish and majority of the Canadian electorate, has become Prime Minister of our country. The Civil Service Federation accepted this position as explained on the assumption that an arbitral award would be binding on both parties to a dispute. In their discussions with the preparatory committee, the officials of the Federation based their suggestions on this principle of compulsory arbitration and binding awards.

If hon. members will give careful consideration to the report of the preparatory committee, they will find that the public service staff relations bill empowers the government, under clause 66, to

> amend, set aside or suspend the operation of the whole or any part of an arbitral award.

Is it right to think that the government, an all-powerful oligarchy, wants to assume the right or power not to comply with, or submit to, an arbitral award? If so, one may doubt its good faith and, if such is the case, the Civil Service Federation will seek a compensatory power as well as the assurance that strikes will not be prohibited. On the other hand, if clause 66 is struck out and the government-employer sincerely rejects the idea of vetoing an arbitral award, then the Civil Service Federation will most likely be prepared to reconsider its own position in regard to the prohibition of strikes.

I feel I can assure the government that the mutual confidence between the two parties concerned will be the best guarantee of genuine and close co-operation with respect to the settlement of any dispute which could arise between them; this is surely the first consideration of the Civil Service Federation, and it must also be that of the government. On this condition alone, can the people of Canada in general be assured that essential services will be maintained. For all these reasons, it is preferable to accept a system providing for immediate recourse to impartial and independent arbitration, binding upon both parties, instead of this inadequate solution, just come out of thin air.

There is also another anomaly causing the Civil Service Federation considerable concern. The proposed legislation seems to ignore the part to be played by long established employee associations in various departments, in a collective bargaining system or in the settlement of problems at the departmental level. I realize that deputy ministers are being granted more and more authority in the administration of their department, but I cannot find in the proposed legislation particular provisions with respect to solving problems inherent in each department.

Employees of the public service, through the Civil Service Federation, recognize the fact that the governor in council will have the duty to appoint the members of the Public Service Staff Relations Board and the chairman of the arbitration tribunal. Hence, they have the right to hope and strongly recommend that the selection of the chairman of the arbitration tribunal be recognized and accepted officially by the two parties concerned and to their mutual and common satisfaction; I am in a position to tell the hon. members, taking as a basis the recommendations outlined in the brief of the Civil Service Federation, that that requirement must be included in any eventual collective agreement of the public service.

I strongly recommend that the Public Service Staff Relations Board be established as soon as possible after the passage of the bills; by the same token, certification should be granted without delay to the bargaining agents.

The official recognition of those rights and privileges will have the beneficial effect of curbing and checking all types of pressures on the part of organizations which seek to interfere with the representation of civil servants.

There is another point on which the Civil Service Federation will be adamant and will not accept; it is the restriction of matters subject to arbitration set forth in the proposed pieces of legislation and included in the report of the preparatory committee. Mr. Chairman, why establish such a distinction between matters which may be negotiated and those which may be subject to arbitration? Cannot both be submitted to a arbitration court, if necessary? In my opinion, it is essential that appropriate legislative measures lay down fair settlement procedures for grievances in all fields where they may arise.

For quite a long time, the Civil Service Federation has been clamouring for collective bargaining legislation, but first of all, for the benefit of its members, it is calling for perfect legislation, in so far as possible. The Federation is happy at the government provisions to establish a collective bargaining system for the public service but at the same time, it is concerned over the means the lawmakers will use to introduce into the statutes legislation likely to maintain peace, order and good will between employer and employees. Whatever legislation is passed, they both will have to live with it; at all costs, the errors made in the civil service legislation of 1962 must be avoided, for this act failed to fulfil the hopes of its sponsors.

• (4:30 p.m.)

[*English*]

Mr. Nowlan: I should like to ask the minister a question of which I have given him

casual notice. Does he not believe that the passage of clause 36, since the federal parliament is the first legislature of the land and the alleged leader, is going to create a precedent which will cause pressure to be applied on all other public bodies at both the provincial and municipal levels to establish a similar strike procedure, notwithstanding the fact that compulsory arbitration is the final solution to labour difficulties in those areas?

Mr. Benson: Undoubtedly, Mr. Chairman, this legislation does create a precedent. However, I have not seen evidence of the fact that municipal and provincial legislative bodies have always been so enlightened as to follow previous precedents set by the federal government. I should like to point out that in many municipalities in Canada the employees already have the right to strike. I should point out that we believe this is correct legislation for the situation which exists in 1967. We feel this is realistic legislation to present to the country at this time. Our view in this regard was completely substantiated by the special joint committee of the Senate and the House of Commons which reported the legislation back to us in this form.

Mr. Nowlan: May I ask one more question? Can the minister tell me just where on the road to Damascus his conversion took place from the position as indicated by the Heeney report and the evidence he gave before the committee in June, 1966, I believe?

Mr. Benson: I was not a member of the preparatory committee which produced the Heeney report. This report was received by the government, considered by the government, and then the government had to prepare legislation based on the Heeney report as well as any other thoughts the government may have had at that particular time. We consider this legislation to be realistic in 1967 and we support the alternative proposals which are contained in clause 36.

The Chairman: Shall clause 36 carry?

Some hon. Members: On division.

Clause agreed to.

Clauses 37 to 54 inclusive agreed to.

On clause 55—*Authority of separate employer.*

Mr. Bell (Carleton): Under clause 55 dealing with a separate employer, I should like to make a very brief comment. It seems to me there may be a case to be made for treating the Post Office Department in the future as a separate employer. I am not going into the matter in detail; I just wish to raise the point. I draw attention to return No. 321A which was tabled in the House of Commons on Wednesday, February 15, in reply to a question of mine dealing with the Montpetit report. There were 282 recommendations in that report of which 35 have been implemented and 8 have been implemented in part; leaving 239 recommendations which have not yet received attention. I hope the government's record in dealing with the Montpetit report will improve considerably in the very near future. However, my point is that a case may be made for the Post Office Department being treated as a separate employer in the future.

Mr. Benson: I think a great many more of the recommendations of Mr. Justice Montpetit have been dealt with since that return was made.

Mr. Bell (Carleton): The return was just presented last Wednesday, February 15.

Mr. Benson: There is a continuous action in respect of the recommendations.

Mr. Bell (Carleton): I hope so.

Mr. Benson: So far as the Post Office Department being a separate employer is concerned, I simply say that it is presently a department of government under a minister. Any change from this set-up would have to be considered seriously by the government and ultimately would be a matter for decision by parliament.

Mr. Herridge: Mr. Chairman, I support the remarks made by the hon. member for Carleton. I have received strong representations from the Vancouver Association of Postal Workers and other organizations in this connection. I believe that the hon. gentleman was quite correct in saying there is a foundation for the postal department being treated as a separate organization.

Clause agreed to.

Clauses 56 to 59 inclusive agreed to.

On clause 60—*Public service arbitration tribunal established.*

Mr. Bell (Carleton): I believe the success of the procedure of arbitration will be in a very large measure dependent upon the quality of the person who is appointed chairman of the public service arbitration tribunal. I hope the government will spare no pains in getting a

person with a wise, judicial mind to occupy that very significant position. If they do that, I believe that the road of compulsory arbitration will inevitably be chosen by almost all public service employees. I underline how significant the quality of the chairman may be.

Mr. Benson: We as a government will undertake to obtain the best possible person that we can obtain for this particular position, just as we have sought to obtain the best persons possible to work on the public service staff relations board which will in turn recommend the personnel of the arbitration tribunal.

• (4:40 p.m.)

Clause agreed to.

Clauses 61 to 69 inclusive agreed to.

On clause 70—*Subject matter of arbitral award.*

Mr. Knowles: Mr. Chairman, my colleague the hon. member for York South was called out of the chamber a few minutes ago and things have moved a little faster than expected. I know the hon. member wanted to say a few words on the question of exclusions, though this might be possible on clause 1.

We are dealing in clause 70 with the possible subject matters of an arbitral award, and as the minister will recall we have contended that these subjects should be broadened. Would, the minister care to comment on both of these matters right now?

Mr. Benson: Perhaps I might speak first with respect to the exclusion of personnel. I have made other statements outside the house, because the legislation was not before the house at the time, with respect to exclusions of management personnel and I should like to indicate that exclusions will be held to a minimum. We do not want to see a lot of people outside the collective bargaining process.

With regard to the subject matters of arbitral awards, this was gone into very carefully both by the Heeney committee in their suggestions and later by the government committee which considered this particular clause. The matter was again gone into very thoroughly by the joint committee of the Senate and House of Commons, where I believe the hon. member for York South put forth his views which were very carefully considered by the committee members as well as by myself that time. We decided that this present clause could best reflect the decision arrived at by the committee and we are quite willing to accept the clause as presently framed.

After we have had some experience in dealing with collective bargaining in the public service there may be an indication that this provision should be expanded in future legislation. If this is indicated in the future and it is possible to expand it, the government will, of course, consider the matter at that time.

Clause agreed to.

Clauses 71 to 77 inclusive agreed to.

On clause 78—*Establishment of conciliation board where requested by either party.*

Mr. Knowles: Mr. Chairman, on a previous occasion I tried to get what I thought was just a change in typography agreed to but I was told this could not be done. Is it possible to correct the typographical error occurring between clauses 77 and 78 on the floor, or can it be done without too much trouble?

Mr. Benson: I have been told that it is not necessary to do it on the floor, that it is being corrected and will be taken out. It is a duplication of title.

Mr. Knowles: In other words, is the minister saying that the second title is not necessary?

Mr. Benson: That it right; it is in there twice.

Mr. Knowles: The second time there is a typographical error. Has the hon. member for York Centre noticed that?

Mr. Benson: The second title is not necessary.

Mr. Knowles: Would the minister draw the attention of the Minister of Transport to this? We had some trouble with him on a matter of this kind.

Clause agreed to.

Clauses 79 to 116 inclusive agreed to.

Schedule A agreed to.

On Schedule B—

Mr. Bell (Carleton): Mr. Chairman, does the minister believe it will be possible to hold to the timetable set forth in schedule B? Will there be any difficulties involved in so doing?

Mr. Benson: We believe that these are the earliest possible dates. We have been moving forward as fast as we can in consultation with

the staff associations to get the P.S.S.R.B. established. We have some names which are being considered for chairman, vice chairman and members, people recommended by both the employers' and employees' sides. These are the earliest possible dates, but the intention is to move forward as fast as possible.

Mr. Bell (Carleton): I take it from what the minister has said that he expects to have the act proclaimed and the board appointed by February 28?

Mr. Benson: That is my fervent hope.

Schedule agreed to.

Schedules C and D agreed to.

On clause 1—*Short title.*

Mr. Bell (Carleton): I did ask the minister a number of questions in my initial speech, Mr. Chairman, dealing with the pay research bureau, the national joint council, the question of an advisory committee on managerial and confidential employees and the question of dealing with employees of the Senate and House of Commons. I hope the minister is in a position to answer me now.

Mr. Benson: Mr. Chairman, I should like to assure all hon. members that the government accepts the obligation to give serious consideration to the recommendations made by the joint parliamentary committee on matters related to but lying outside the scope of Bill C-170.

One of the recommendations deals with the desirability of making it possible for "persons employed in a managerial or confidential capacity" to make representations to Treasury Board on questions relating to their pay and conditions of employment. The government believes that in a genuine system of collective bargaining there must be individuals clearly identified to represent the interests of the employer, and believes further that it would be quite inappropriate to have the conditions of employment of these individuals established by the collective bargaining process povided by Bill C-170. At the same time, however, we recognize that in a large public service there may be good reason to provide machinery whereby the views of these individuals can be considered when decisions about their conditions of employment are being made.

• (4:50 p.m.)

For this reason, we will be happy to consider the recommendation of the joint committee on this matter, including that part of the recommendation that draws attention to the experience the British government has had with its standing committee on the pay of the higher civil service. I wish to say, without divulging anything more, that we are very much in favour of developing some such system.

Mr. Bell (Carleton): Within six months?

Mr. Benson: Mr. Chairman, a long time ago I learned not to tie myself down to specific times in this house. We shall act with all due dispatch.

Another recommendation of the joint committee refers to the fact that employees of the Senate, House of Commons and Library of Parliament are not covered by this bill. It suggests that further legislative action be considered with a view to granting them advantages and rights similar to those provided public servants under the measure we now have before us. The government will be pleased to give consideration to this matter in consultation with representatives of all parties and the appropriate parliamentary officials. It seems to me that this is a very sensitive matter, involving in a rather direct way the rights of parliament, and will have to be treated accordingly.

In our dealings with the employees of parliament, that is, the employees of this house and of the other place, we must have a consensus of all parties as to what sort of procedure we should set up for consultation to determine rates of pay. We are, as recommended by the committee, quite willing to consider this. We shall, in consultation with representatives of the other parties in this house, consider this matter.

Mr. Lewis: May I ask the minister when he intends to start these consultations? I agree, of course, that this is a special case requiring special consideration but I want to be sure it is not on the shelf for too long.

Mr. Benson: As the hon. member knows, I never keep anything on the shelf very long. I like to clear things away as fast as possible. I can assure him that we shall deal with the matter with all due dispatch.

The final recommendation contained in the sixth report of the joint committee deals with the position of the pay research bureau under collective bargaining. On an earlier occasion I indicated that the government was generally in sympathy with the recommendations of the preparatory committee on collective bargaining which favoured the continuation of an

independent pay research function but called for its transfer from the Civil Service Commission to the public service staff relations board. At that time, I was unable to be more specific because it was our view that no firm decision should be made until the principal employee organizations had been given an opportunity to give us the benefit of their advice in the light of the provisions of Bill C-170.

The organizations have since been consulted and I am pleased to be able to inform hon. members that the government intends to provide for the continuation, under the aegis of the public service staff relations board, of an independent pay research bureau whose services will be available to the employers and certified bargaining agents in the public service. Arrangements for the transfer of the bureau will be made as soon as possible after the staff relations board has been appointed.

In passing I would like to pay tribute to the officers and staff of the bureau who in the past ten years, under the direction of the Civil Service Commission, have provided both the government as employer and the employee organizations with a continuing flow of information on outside rates of pay and conditions of employment, information that has made a very real contribution to the pay determination process and the development of staff relations in the public service.

Mr. Bell (Carleton): Hear, hear.

Mr. Benson: It is my hope that with the continuing co-operation of the outside employers who participate in their surveys they will make a similar contribution to the success of the system of collective bargaining that is about to be introduced.

Before sitting down, Mr. Chairman, I would like to mention one other matter which, although not dealt with in the report of the joint committee, was mentioned in the debate last Friday by the hon. member for Carleton. I refer to the national joint council of the public service of Canada, which since 1944 has provided a focal point for joint consultation between representatives of the government and representatives of employee organizations.

I would like to say at this time that the government strongly supports the view that the national joint council, suitably modified in the light of the legislation now before us, should be continued. Some months ago the council in fact recommended a revised interim constitution with this in mind, one that would, among other things, provide membership on the council to all organizations certified as bargaining agents. This recommendation is now being considered by the government. In its essentials it will, I have no doubt, be endorsed and I would hope to be in a position to make an announcement on the subject soon after the passage of Bill C-170. I would like, however, to stress the fact that in the view of the government the form of the council and its method of operation should be left quite flexible for a reasonable period of time so that it can be modified to meet the needs of the parties in bargaining under the new régime.

Mr. Herridge: May I ask a question? I am not as well versed in this subject as some of our members are. The staff of the House of Commons in their various categories are, of course, not organized at the present time. What procedure will be taken to get the views of the various categories of employees on the staffs of the House of Commons and the Senate?

Mr. Benson: I mentioned this matter. I said that the staffs of the House of Commons and the Senate present a particular problem in collective bargaining. I suggested that before the government comes forward with legislation and changes the three bills involved we have consultations with the other parties in the House of Commons to determine what if any steps should be taken. As to the organization of the House of Commons staff, I leave that to my hon. friend.

Mr. Knowles: Mr. Chairman, I think the question just asked by my colleague has real point. I think the minister said that it was desirable to have consultation among the representatives of the parties of the house and I think he said "appropriate representatives of the employees". If those were not his words perhaps he could correct me.

Mr. Benson: I think I said "appropriate officials of the house". I was thinking of the officials responsible for employing and looking after the House of Commons staff.

Mr. Knowles: "Appropriate officials", and not "appropriate representatives of the employees", were the minister's words. On this matter the minister does not envisage the employees themselves being represented in these consultations?

Mr. Benson: That should be left to the various parties in the house when they get together to consider this matter. They should decide whether the employees should be told: "We want to proceed with this matter; would you get together and select representatives to meet with us?" As a representative of the government I should not make this kind of decision. These employees are not government employees; they are House of Commons employees. Any decision about their future must be made by the House of Commons.

• (5:00 p.m.)

Mr. Knowles: We shall accept that proposition as a fair statement of the situation provided the minister understands that we do not want this matter left on the shelf indefinitely, to use the words of my hon. friend from York South.

This is the kind of thing which could be put off from one session to another. We could easily be told six months from now that it would be better to wait until more experience had been gained in the operation of the new public service legislation. Perhaps I should warn the minister that if he fails to act on this matter he will be pressed to do so on the floor of the house. We should extend to our employees the same rights as we are extending to public servants generally, and I hope these consultations will begin to take place very soon.

Mr. Benson: I certainly do not wish that there should be any undue delay in this regard. I have learned from my experience with hon. members opposite to avoid saying that something will be done by a specific date, because it may prove impossible to do it by that date. But the hon. member knows from his experience of my conduct that I never put anything off for a long period.

Mr. Bell (Carleton): I will simply say that unless the minister does act with the promptitude he has indicated he can expect harassment from this side of the house.

Clause agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rinfret): When shall the bill be read the third time?

Some hon. Members: By leave, now.

Mr. Benson moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

[Mr. Knowles.]

PUBLIC SERVICE

LEGISLATION RESPECTING EMPLOYMENT IN GOVERNMENT SERVICE

The house in committee on Bill No. C-181, respecting employment in the public service of Canada—Mr. Pearson—Mr. Rinfret in the chair.

The Deputy Chairman: May I draw to the attention of the committee the fact that several amendments were made when this bill was considered by the joint committee on employer-employee relations in the public service of Canada and a reprint of the bill was ordered.

On clause 2—*Definitions.*

Mr. Benson: I should like to say a few words at this time on Bill C-181, the proposed Public Service Employment Act which is to replace the present Civil Service Act. Specifically, I should like to recapitulate the major objectives that this statute is to serve.

The first objective is the reaffirmation of the merit principle as embodied in previous civil service legislation. The application of this principle to appointments and promotions in the civil service has been the practice in this country for nearly 50 years and it is the government's conviction that this practice must endure. In this we have the unanimous support of the special joint committee on employer-employee relations which inquired into the bill, and also the support of all staff associations of the public service.

Bill C-181 extends the application of the merit principle to certain groups of employees who had remained exempt from the provisions of the Civil Service Act of 1961. The proven philosophy of appointment and promotion on the basis of merit is the core of the proposed statute. The security of this policy is again assured by stating explicitly the authority of the commission for all appointments to as well as from within the public service.

Another objective of Bill C-181 is to provide the public service of Canada with as effective and efficient a staffing agency as is required to meet the needs of departments for competent personnel in a labour market characterized by intense competition and increasing specialization over the years. The Civil Service Commission has done an excellent job; it has served Canada well through the continuous application of the highest standards to the business of staffing the public service of Canada, a public service which

enjoys one of the highest reputations on the international scene. Bill C-181 will make it possible for the Public Service Commission to maintain this tradition of excellence; it provides for greater flexibility and discretion on the part of the commission to adapt its methods and procedures in order that it might respond quickly and intelligently to changing demands and circumstances.

The third objective is to accommodate the establishment of collective bargaining in the public service. Bill C-181 relieves the commission of its responsibilities in matters of pay and conditions of employment, as it is more proper for them to be assigned to the agency which must represent the employer's interests at the bargaining table. It was considered essential to the preservation of the commission's independence on the one hand and the preservation of the merit system on the other that none of the commission's powers and duties be involved in the bargaining process.

Mr. Chairman, a number of amendments were made to Bill C-181 while it was the subject of review by the special joint committee. The majority of these amendments were made in response to suggestions of the various staff associations who presented briefs and comments on the proposed legislation. The government is in agreement with all the committee amendments to Bill C-181 and I believe that Bill C-181 will be a better statute for them.

Mr. Bell (Carleton): Mr. Chairman, parliament has no duty more important in my view than to ensure to young Canadians that a career in the public service shall be attractive and rewarding. Year by year, government looms larger and larger in the life of every Canadian, and if we are to have enlightened, forward looking, progressive administration the public service must be able to recruit the very best from the ablest young Canadian men and women. Service to the state must be judged and assessed as the very highest form of service with genuine rewards and satisfactions attached thereto.

That is why the bill now before us is so important. In all the discussion about collective bargaining for the public service little attention has been paid to the fact that this measure involves a convulsive change in the familiar pattern of personnel recruitment and management which has been in effect since Sir Robert Borden sponsored the Civil Service Act of 1918. The introduction at that time of the merit system was the foundation upon which we have built our truly great civil service.

In 1918 the Civil Service Commission was made the guardian of the merit system with a threefold role: first, recruitment and promotion; second, classification and establishment; third, recommendations in respect of salary and wage levels. Under this bill, only the first of these remains with the new Public Service Commission. Classification is now a matter for Treasury Board and salary and wage levels a matter for collective bargaining. Whether the complete freedom to the new Public Service Commission to concentrate upon recruitment and promotion will result in greater efficiency and competency in this field remains to be seen.

The bill has received careful study in the joint special committee and with the amendments made by that committee is considerably improved. The staff associations and others presented comprehensive and thoughtful briefs which were most helpful. The expert guidance of the chairman of the Civil Service Commission, John J. Carson, and one of the commissioners, Mr. Sylvain Cloutier, contributed greatly to our deliberations. Both were knowledgeable, articulate witnesses and the latter fascinated some of us by his ready facility to express nuances of meaning in both languages. But I emphasize that the bill is far from ideal and still contains frustrating imperfections.

• (5:10 p.m.)

A major change achieved by this bill is the inclusion for the first time under the merit system of appointments of applicants for prevailing rates positions, and of ships' crews and officers. I support this change fully and believe it will accrue to the benefit of the public service and as well of all politicians. Not all members of the house, I am certain, will agree that the abandonment of political patronage in the prevailing rates positions is good. I do not profess this afternoon to speak for anyone but myself. But from 1957 to 1963 I had the experience of interviewing over 16,000 persons seeking patronage employment, and I am convinced that this type of patronage parade is neither helpful to the politician, to his political organization nor to the public service. Few of us in this chamber have any training or aptitude for personnel administration, and I believe the public interest will benefit when prevailing rates employment is taken out of the hands of members of parliament and the defeated candidates of the party in office.

I would wish, however, to utter a word of caution or admonition to the new Public Service Commission. Appointment by paperwork will not be satisfactory in the prevailing rates field. There must be the human touch, the understanding interview and words of counsel and advice. In my view, the existing examination procedures will not work. It will not be enough merely to hand an applicant a form of application tell him or her to complete it and then test his or her qualifications from paper.

Many of the best potential candidates for prevailing rates employment do not have qualifications which will stand up on paper and could never pass conventional examinations, however simplified they might be. The process of selection for many prevailing rates employees must include personal and individual counselling, a genuine measure of humanity and compassion. Politicians in their so-called patronage recommendations did keep these factors in mind. I can say that never have I asked a widow or an afflicted person seeking prevailing rates employment what her or his politics were. Many widows, long removed from the employment market, many afflicted persons who have suffered major illnesses or other reverses and hardships in life, have the will and incentive to succeed, but they could never qualify in examinations or conventional tests designed primarily for youngsters just out of school. That is why I am this afternoon asking the new Public Service Commission not to institute the coldness of paper in the selection for these positions but to retain what politicians brought to the task, the warmth of personal interview, the compassion and humanity which can come only from face to face dealings.

My major reservation about this bill, Mr. Chairman, relates to the power of delegation. I realize that in large measure this stems from the Glassco commission report, but personally I have never been a worshipper at the feet of Glassco. Unless the delegations are monitored with the greatest care—and indeed even then—grave dangers of a return to political patronage are evident. I say even then. How can any monitoring system really ascertain the real reasons for the appointment of one person and the elimination of another?

I hope the power of delegation will be used most sparingly and only when there is the clearest and most incontrovertible evidence that a deputy head will not be subject to ministerial pressure. I have confidence in the independence and impartiality of the Civil Service Commission and I am sure the same will apply to the new Public Service Commission. But a deputy head is subject to pressures. To return to a system where a deputy head simply confirms a list of prospective appointees that he receives from the minister or the minister's staff would be a most retrograde step.

I have no desire to be unduly suspicious but I do know that a strong minister will normally dominate his department, and indeed to that I have no objection. But I do want to avoid a return to the days before 1918. Let us assume, for example, that the commission delegates the appointment of certain classes of officers to the undersecretary of state for external affairs. Is there any member of this chamber so naïve as to believe that the most politically-minded man in the house, the genial but politically tough Secretary of State for External Affairs, will keep his political fingers out of that appointing role? I think it stretches credulity too far to believe that he would. Or, on a delegation to the deputy minister of agriculture, does any hon. member believe that the Minister of Agriculture, who breathes and sleeps politics, would keep clear?

I believe this is a serious matter, particularly when I draw attention to the fact that there is still the right under clause 6(4) for a deputy head to delegate further his own delegated authority to some officer in a department. There are special dangers in this when the delegation is on a local or regional basis. I say that ministers must be prevented from instructing local officials to whom the power is delegated to consult with local or regional party officials.

It is true that the special joint committee made some limiting amendments to clause 6 and inserted in clause 45, dealing with the report to parliament, a specific provision requiring special attention in such report to the nature of any action taken under clause 6 pursuant to these delegations of authority. My question is: Is that sufficient? I doubt it. I say that the Public Service Commission has a duty to parliament and a high obligation to the public to prevent a return to political patronage through the back door route of delegation of authority for appointment. I for one, as a member of this chamber, intend to check with the greatest care at regular intervals to ensure that the Public Service Commission is fully discharging this duty and obligation.

Another feature of this bill about which I have some reservations is the appeal procedure. The bill was slightly improved in this respect by the joint special committee, but I consider the appeal provisions are still primitive, unsatisfactory and indeed offensive to natural justice. I am satisfied that it will not be long before the Public Service Commission and the government are compelled by events to establish genuinely independent and impartial appellate tribunals. My views in this respect are set forth in a private bill which I introduced earlier this session and which is on the order paper as Bill C-63. I remain unconvinced that the provisions of this bill, even stengthened as they were by the special joint committee, come anywhere close to providing a really satisfactory system of appeal.

Then, sir, may I draw attention to the fact that the provisions of the old Civil Service Act relating to the parliamentary staff have been dropped. By section 72 of the existing Civil Service Act the Senate and House of Commons might apply by resolution any provisions of the act to the staff of this house, the other place or the Library of Parliament. No doubt this right exists even in the absence of legislation. But I believe this chamber is entitled to know from the minister before this bill passes what the intentions of the commissioners of internal economy are in this respect. Will they recommend that the provisions of this bill either in whole or in part be applied to the parliamentary staff?

That leads me to the question of political participation by civil servants. Here, I submit, the government has proposed feeble and halting steps. They are of almost no significance. Personally, I would have preferred the emulation of the three-tiered system in effect in the United Kingdom and now in operation in the province of Ontario. For the life of me I cannot see why a packer or helper or an elevator operator or laboratory technician should be deprived of political rights, whereas on the other hand, of course, any policy adviser must obviously be restricted.

Since I think hon. gentlemen opposite are determined not to go further than the frail and laboured provisions of new clause 32, I do not propose to press the matter further at this time, but I do want to draw attention to the recommendation of the special joint committee as follows:

> The consensus is that the whole question of political participation by public servants should be reviewed after the next general election in the light of experience and knowledge gained to that time. Interested groups might then wish to make more specific representations for the consideration of parliament.

Personally I hope that at that time, with a new government in office, something approximating the new Ontario legislation introduced by a Progressive Conservative government may be achieved. I hope that then there will be more disposition to experimentation and that a genuine attempt will be made to balance the essential impartiality and the imperative non-partisanship of the public service with the ordinary political rights of citizenship in a democratic country.

• (5:20 p.m.)

With these reservations and doubts, I propose to support the bill. On certain clauses I shall have additional comments. After the bill has been in effect for two or three years I believe the operations of the new Public Service Commission should be referred to another special joint committee for study, investigation and assurance on the subjects I have raised. The merit system is a precious one, the very cornerstone of our civil service, and its full preservation intact is the responsibility of this parliament as well as of the Public Service Commission.

Mr. Lewis: Mr. Chairman, at this stage I do not think it is necessary to make a very lengthy comment. I join of course, with the President of the Treasury Board and the hon. member for Carleton in emphasizing the importance of the merit system and in expressing pleasure that the prevailing rate employees who formerly were outside it are now brought under the merit system through the bill which is now before the committee. I have not had the experience that the hon. member for Carleton says he has had of interviewing thousands of people wanting patronage jobs. I am glad that this will not be possible from now on in his case or in the case of anyone else in government or outside government.

I should like to direct the attention of the committee to another point of progress in this bill which I consider of great importance and which the joint committee considered of great importance, that is, the recognition to a greater extent than was the case in respect of the Civil Service Act of the bilingual character of the federal function. Members of the committee will see, particularly in clause 14, that notices of vacancies are to be given in both languages at all times with certain exceptions which are left to the discretion of the Public Service Commission. Obviously there would

not be much sense in having a notice in English in *Le Droit* or *La Presse* or a notice in French in an English language newspaper. Subject to such exceptions, however, the bill requires the recognition of the bilingual character of the federal parliament and the federal public service in a way which ought to result in some little step forward in our general Canadian situation.

Like the hon. member for Carleton, I am still disappointed that there is not a special separate appeal tribunal for members of the public service who feel aggrieved because of dismissal or suspension for one reason or another. In the committee we did make some progress in this regard. The commission and the government, through its members on the committee, agreed that the Public Service Commission should have such an appeal board under its umbrella, but as I understand it the appeal board is to be an entirely separate body acting independently of the Public Service Commission.

I should like to draw the attention of the committee again to something I said last Friday in connection with Bill No. C-170 which has passed the House of Commons and I hope will become the law very shortly when the other place has dealt with it. I point out that the commission, under the bill which is before us, will be given exclusive jurisdiction in the field of standards for appointment and in the field of promotion, demotion lay-off, release of employees and so on in the public service. In other words, to use a common management-labour term, the whole area of job security is left exclusively with the Public Service Commission with the intention, we were told, that the merit system not be interfered with. As I said the other day, and repeat, I am not convinced that it would not have been possible to make certainly some areas of the job security problem a part of collective bargaining. Hon. members will notice in the bill that one clause deals with lay-offs, jurisdiction over which is given to the Public Service Commission and deputy heads in certain circumstances. Lay-offs are a very important part of job security.

Hon. members will notice that there is provision for dealing with public service employees who show themselves to be incompetent or inadequate for their jobs. Frequently that is a matter of opinion, and the standards in that regard should be subject to collective bargaining. My colleague the hon. member for Winnipeg North Centre and I, however, as members of our party on the special joint committee, after discussing this matter at great length decided, as we did in respect of other matters, that the better course for the sake of the civil service and for the sake of parliament and the country was to have partial agreement on at least the things which were conceded in order to see how these bills and the various bodies under them will work out in practice.

I notice that the chairman of the Civil Service Commission is sitting in front of the minister. I am sure he will forgive me if in his presence I plead with the Public Service Commission, in the exercise of its exclusive jurisdiction in the field of job security, appointments, promotions and so on, that at every practical step it consult with the organizations representing the public service employees—the various certified bargaining agents—and make them fully aware of the standards that the commission has in mind to apply generally, particularly where important positions are involved, so that the organizations of employees will have an opportunity at least to explain their views even though the authority to make a decision, of course, will rest with the commission itself.

I say to the members of the Public Service Commission that if, when the commission is established and they are appointed, they carry out their duties without regard to consultation with the employees' organizations, consultation which is meaningful and honest in terms of being frank and full or if they attempt to foist standards, approaches and procedures without taking into account the representations of the employees' organizations, they will pile up for themselves, for the government and for this parliament a great deal of trouble in the months to come. It may be that if they develop a proper avenue of consultation, short of negotiation, with the organizations, the exclusive jurisdiction which they now have will in fact work out well. If so, I will be one member of parliament who will be very glad indeed to have been in practice proven wrong in insisting that this matter must form a part of collective bargaining. I will be very happy indeed if the practical application of this procedure shows itself to be totally acceptable in principle to the employees and their organizations and totally acceptable in principle to the minds of all of us who are concerned about this problem.

• (5:30 p.m.)

I just want to say a few additional words with regard to political rights under clause

32. Like the hon. member for Carleton, I am still very disappointed at the fact that the bill before us only grants partial political rights to public service employees. In the special joint committee I moved an amendment, as recorded in the minutes of proceedings of the committee, No. 26, at pages 1223, 1224 and 1225, in which I attempted to divide the public service into two general groups, the first one consisting of deputy heads, chief executive officers and persons employed in a managerial or confidential capacity as defined in the bill we have just passed. While I did not agree entirely with the idea I must say I was prepared, for the sake of getting somewhere, to make the concession that in those classes of employees anyone wishing to be a candidate for provincial or federal office should seek the permission of the Public Service Commission before doing so. I think there is an argument in favour of that proposition.

I also suggested in my amendment, seconded of course by the hon. member for Winnipeg North Centre, certain prohibitions against certain activities. For example, one of them was that no employee, as defined, or other person employed in the public service should ever do anything which would associate his position in the public service with any political activity in which he was engaged. I was prepared to agree also that members of the public service should desist from speaking in public or expressing their views in writing over their signature on behalf of any candidate or political party, unless of course a person was himself a candidate, so that there could be no possibility of the public service, or of a department or division of the public service, becoming publicly associated with a certain opinion or political view.

As a third concession in this field I was prepared to agree, if other members had agreed with the general proposition, that no political activity of any kind should be undertaken on behalf of a candidate during working hours, or even during non-working hours, on the premises of the employer, so that offices and other places where public service employees are engaged in work would not become centres of political discussion or activity.

With those safeguards which I have enumerated, namely, that the top people in the public service—I am speaking here of top people in terms of function and not necessarily of quality—cannot be candidates for provincial or federal office without getting the permission of the Public Service Commission, and a safeguard against activities on the premises or outside the premises during working hours of a kind that might blur the line between the duties of the public service employee and his political opinions, I cannot for the life of me see why an ordinary public servant, such as a stenographer, a clerk, an engineer, a draftsman, postal worker, or a prevailing rate employee such as an electrician, carpenter or machinist should not be able to run for any party for which he in his judgment decides, without having to obtain permission to do so from the Public Service Commission. I do not see why he should be put to the humiliation of not being able to exercise ordinary political rights. He would not be a person exercising managerial or confidential functions in the public service, he would not be a policy-making or even a policy-advising person in most cases; he would be a functionary carrying out sometimes very routine functions.

I do not see why such an employee should not have the right to be a candidate after having gone to the Public Service Commission and automatically obtained leave of absence without pay for the duration of the campaign. If he were elected he would cease to be an employee of the public service but if he were defeated he could go back to the job if it were available to him or to some other comparable job. I cannot see any reason for denying that right to the ordinary public service employee—by that I mean the vast majority of public service employees—who are not in the managerial or confidential category.

I certainly cannot understand why members of the government and members of the Liberal party in the committee—I also understand there is likely to be opposition on the floor of this house—objected to the simple proposition that public service employees should be permitted to be members of political parties.

At the present time the bill allows them to make contributions to the funds of a political party or candidate. It allows them to attend political meetings and presumably to speak at them. It allows them to seek to become candidates for federal or provincial office but in my view—and this is a matter of the legal interpretation of words—it does not allow them to take out a membership card in a political party. In most cases that will mean, of course, that they cannot become candidates. I understand that some parties in this

house, or local associations of parties in this house, do not require membership in the party from anyone who wishes to be a candidate. If such is the case that is the business of the party concerned, although it seems very strange to me that that should be so. As far as our party is concerned there are very few cases where it is possible for anyone who is not already a member of the party to be a standard bearer for the party.

Mr. Pickersgill: Can the hon. member tell us how long the period of probation is?

Mr. Walker: Two minutes.

Mr. Lewis: Does the hon. member mean that I have only two minutes left or does he mean that the period of probation is only two minutes? If the minister did not ask the question just to be funny but really wants to know, I will be very pleased to educate him. In our party the provincial constitutions dealing with the qualifications of candidates vary somewhat. Some require six months' membership and some require a year's membership in the party before a person can become a candidate. However, I must say there are exceptions. Under some constitutions the provincial council is given authority to make certain exceptions in cases where that is justified, but by and large a candidate for the New Democratic Party must already have been a member of the party for at least six months. In fact, it seems to me that I saw a provincial constitution which only required three months' membership for candidates.

Mr. Knowles: Would the hon. member mind if I asked the Minister of Transport how long he was a member of a political party before he got his nomination?

Mr. Pickersgill: I became a member in 1936, so the hon. gentleman can do his own arithmetic.

Mr. Knowles: Was the minister a member of his party all the time he was a civil servant?

Mr. Pickersgill: I think I can say fairly that I always voted that way.

• (5:40 p.m.)

Mr. Lewis: As a matter of fact this short exchange between the hon. member for Winnipeg North Centre and the Minister of Transport shows the absurdity of the proposal which we were forced to accept in the joint committee and against which I voted. I may say that all members of the opposition parties, and one senator who was appointed by the Liberals so I assume he was a Liberal senator, voted for the amendment which I moved. All government members voted against it. The exchange we have just heard shows the absurdity of the situation. Of course the Minister of Transport was a Liberal all the time he was in the office of the Secretary of State for External Affairs and in the Prime Minister's office giving valuable advice and exercising his great capacity for thought and manoeuvre which he has shown on the floor of this house and elsewhere.

As I said to the special joint committee, what has always irked me about the law with regard to the political rights of civil servants has been its invitation to members of the public service to breach the law. Some hon. members may know that I was a national officer of the C.C.F. for years and lived in Ottawa. I can say that I knew many civil servants who, contrary to the law as it then was, made contributions to various political parties including my own. I knew some who made contributions to the major political parties at that time. They sometimes did it under the table and sometimes used the subterfuge of having their wives make the contribution.

This is the kind of humiliating, basically unlawful subterfuge which you force honourable men and women who have a political interest to use because you deny them the ordinary rights of citizens. The idea that an employee loses his loyalty to his employer because his employer is a Liberal, a Conservative or a New Democrat and the employee is a member of another political party is contrary to my experience both in private industry and in the public service. There is no sense to it. There is no reason for the Minister of Transport—he is here and I say it in his presence—to become visibly flustered when he is asked whether he was a Liberal at the time he was in the public service.

Mr. Pickersgill: I rise on a question of privilege, Mr. Chairman. The suggestion that I was flustered is rather like some of the other suggestions that are made, sometimes irresponsibly, about other ministers. It does not bother me. I was a Tory for 20 years and I have advertised that fact. At the end of 20 years I could not take it any longer and I became a Liberal. I have been a Liberal ever since and I am still proud of it.

Mr. Lewis: I am, of course, most surprised that the minister is still a Liberal. I am equally surprised that he is proud of it. However, he does not have to tell me that. I thought he was flustered but I will withdraw that word. The hon. gentleman is usually very quick to get to his feet and his hesitation seemed to indicate to me he was flustered. If the hon. gentleman was tired as a result of his work over the week end and did not get to his feet as quickly as he usually does, then I accept his statement that he was not flustered. It is regrettable that the question should have to be asked and that the minister should have to answer it by saying, of course I was a Liberal. I would not like to ask him if he were a member of the Liberal party during those years because I would not want him to have to answer that. If being a member of the Liberal party in those years did not require any particular membership card and he did not have to pay any dues, not even the dollar which is sometimes necessary now, then I gather he might have been a member of the Liberal party without being able to show a card. His answer would either have to disclose that he broke the law at that time or he would have to make the kind of answer—I say this with great affection for the minister—he frequently gives which consists of very attractive words that do not get to the point. The minister would have to do one or the other.

I think this is an absurd situation. I do not see any justification for it except the traditional timidity we cannot get rid of. I think the time has come when we should get rid of it and give public service employees the political rights that every other citizen exercises. I was ready, as I said before, to make a concession and except certain classes of employees such as those who are engaged in advisory capacities or in the development of government programs. I certainly cannot understand why the suggestion I made to the President of the Treasury Board that he at least accept an amendment that would permit public service employees to be members of political parties as well as make contributions to parties and attend meetings should not be accepted. I simply cannot understand that.

I am told there are some people who believe that the language of clause 32 does not prohibit public service employees from being members of political parties. I am prepared to argue that. I am not at all sure that the language is clear. I think a strong argument can be made that it is not clear because if the language were clear on that point it would be equally clear on the exceptions from the general proposition. If it is true that when an employee is prohibited from engaging in any activity for a political party, as the present bill provides, that does not mean he cannot be a member, then I cannot understand how you can be a member and at the same time, be prohibited from engaging in any activity of the party. This does not make sense to me. If it makes sense to the minister, then it is equally true that a person can attend meetings if he keeps his mouth shut when he attends them and a person can make contributions to a political party if he keeps quiet about it.

As a lawyer who has had some training, not as much as many others in this house, in interpreting language I would say that clause 32 in the present bill does not clearly give the public service employee the right to be a member of a party. I am putting it that way in order to avoid being dogmatic and starting an argument about it. There may be an argument that he may have the right, but the bill does not clearly give him the right. Unless you clearly give him the right to be a member of a political party, the right to be a candidate is in most cases a farce. My colleagues and I are not prepared to take part in that kind of farce if we can avoid it. I hope the minister will still give consideration to accepting an amendment which, if it does not go as far as the amendment we moved in the special joint committee, will at least make clear the right of the employee to be a member of the political party of his choice without running afoul of the law.

This bill makes perhaps less change in the present legislation than the other two bills, No. C-170 and No. C-182. There are many improvements in it. I have not been living in Ottawa, except when elected to parliament, during the last 16 or 17 years. However, I have had the pleasure of knowing a great many civil servants. My colleagues and I are delighted to agree that we have a very high-class public service in Canada. I have not been to the United Nations as a member of parliament but I have as a visitor. I have heard the representatives of other countries express their admiration for those who represent Canada on various commissions and at various international conferences. When I say "those who represent Canada" I do not mean our political representatives; I mean those from the public service who speak and work

for us. As a Canadian I have been very proud of the universal expressions of admiration for our public service.

• (5:50 p.m.)

Equally, Mr. Chairman, I share the admiration of other members for the competence and independence which the present members of the Civil Service Commission have shown, and for all I know their predecessors showed though I did not have the pleasure of knowing them, in the application of the merit system and the law. For that reason we are pleased to support the bill except for the reservations I have mentioned and in connection with which we shall try to get this committee to accept some necessary amendments.

[*Translation*]

Mr. Gauthier: Mr. Chairman, just a few words on Bill C-181, because it is interesting, after all, to hear the views of everyone. We just had a discussion between the hon. Minister of Transport (Mr. Pickersgill) and the hon. member for York South (Mr. Lewis), which showed us something of what happened and is still happening in the public service, in the political field.

In other words, public servants are prevented from engaging actively in the work of a political party, while we have the proof in this house that several ministers have at one time been members of the public service and that it is probably their work in the public service that permitted them to accede to the political life. It seems that some want to close the door to skilful public servants, who would like to devote their talents to the welfare of their country, as members of parliament.

I found enlightening, a while ago, that exchange between the Minister of Transport and the hon. member for York South. I did not know the hon. Minister of Transport had been a public servant once, like several of the present and former ministers that I know, some of whom were more successful than others.

I do not wish to take too much time of the house, because I am anxious—as the minister seems to be also—that this bill be passed without delay inasmuch as it brings certain improvements in the public service, although one has to reckon with human nature with all its evil inclinations.

More and more efforts must be made to relieve the public service from political patronage and to encourage technicians, in short all those who deserve encouragement, regardless of their political affiliation. We should keep in mind that even though a public servant works for the government, he has the right to retain his political ideas and the right to defend them. I am not at all against that.

However, if a public servant wishes to stand as candidate for Parliament, I think that in such a case, he should resign from the public service. He would then be required to resign, to abandon his position, but as long as he does not run for office, I feel a civil servant should not be prevented from expressing his views or even from working for the man he trusts and helping him. In my opinion, if some people can defend a political cause, it is precisely civil servants familiar with the situation and well aware of every administrative strategy.

I am very proud that civil servants are urged to become more qualified; indeed, present employees are far from perfect and there is much room for improvement. Our civil servants are fairly satisfactory and since I am a little more chary of praise, I shall refrain from crediting them with the same qualifications as the previous speaker. But we find that a great number of civil servants are responsible, that they deserve some incentives and promotions to certain positions unattainable by them in the past, not because of their lack of competence, but because of their political allegiance.

It is absolutely imperative that the members act together and stop trying to influence appointments. Such influence has been exerted in the past and today, no one should imagine that there will no longer be any patronage when this bill is passed. No. When it is recalled that appointments to certain commissions are made by the governor in council, one can rest assured that the appointees will not be old-time members or partisans of the Progressive Conservative, the New Democratic or the Social Credit parties. That is understood. Let us not have any qualms about it. Human nature will remain as it is. Let us not make any mistake about it, but let us at least make an effort to be fair. We ask of those who play the political game, who do the picking, to show some fair play to the employees they are to hire. In fact, when I consider the Post Office Department, I think that if I were to go around the post offices in my constituency, I would not find three employees appointed by the Conservatives.

Had the Conservatives been in power, the situation would probably have been the same. Stop trying to make us believe that it will not happen. Let it be said simply that the utmost will be done to treat people with more fairness. Just look at the matter of bilingualism. I feel a little something has been done to promote bilingualism. I say a little something because, to my mind, only 9 to 10 per cent of all public servants will benefit from the new policy on bilingualism.

• (6:00 p.m.)

If the civil servant is a French Canadian and his mother tongue is French, he is normally considered bilingual, since he usually speaks English. But if he works in an office where French only is spoken, I can foresee, according to this legislation, that that perfectly bilingual civil servant will not get the promised premium on the grounds that the work he does in English does not reach a percentage of 10 per cent. This is what I think will happen. The work in another language must be equivalent to at least 10 per cent of the workload. I believe that this is not much of an incentive for the employee, for his rating will be based on production rather than on ability.

I wish the ability or the rating of a civil servant were considered instead of production, for quite often, some politicking will influence production. Knowing that a civil servant is bilingual, the administration will appoint him to some unilingual branch, let us say to a degree of 75, 80 or 90 per cent, precisely to prevent him from getting the premium.

This is the reason why I submit that incentives should apply to technical knowledge, to a civil servant's rating, and that political influence, what is usually called patronage, should go by the board.

If we were to eliminate among civil servants all those who are involved in political activity, well, I think that we should start first with the senators. I consider that the senators are public servants, since they are not elected.

One need only look at the last appointments. Why were certain civil servants quietly appointed to the Senate? To do political work; the great organizers of all the political parties sit in the Senate and organise political campaigns. A young civil servant is to be prevented from promoting his political ideas, while all these sleepy old men are allowed to work all year for their party and scheme for a possible election, trying to bring it about as soon as possible.

If we are to encourage civil servants, we should do so all along the line and use all their talents which they want to place at the disposal of the public, whether in the public service or in politics. I cannot see any reason why we should try to restrict the activity of a capable man. I hope that this bill will attain its objective, but I think that the commissioners must try to free themselves of their old political myth in implementing this bill. It includes everything that is necessary to act honestly, but for one who wants to be dishonest, it is still possible to evade the act.

[*English*]

The Chairman: Before calling on the hon. member for Okanagan-Revelstoke I wish to announce that the questions to be considered this evening are as follows: The hon. member for Winnipeg North Centre (Mr. Knowles), Air Canada—Suggested increased use of Winnipeg maintenance base; the hon. member for Greenwood (Mr. Brewin), External Affairs—Portugal—reported intention to exile political prisoners; the hon. member for Okanagan-Revelstoke (Mr. Johnston), finance —suggested provision of "real dollar" bonds.

Mr. Knowles: Hear, hear.

Mr. Johnston: Mr. Chairman, I have listened with great interest to the discussion thus far on Bill C-181. I am pleased that the merit system in the civil service is being extended and I agree with the remarks of the hon. member for Carleton in this regard. As increasingly examinations become the means of deciding employment in the civil service it is important that great care be taken to ensure that examinations are truly valid and test what they purport to test. From my knowledge of education and previous experience I know there is a possibility that the operative factor at work is the frequency and recency that people have written similar tests rather than the tests themselves. In other words, from the test the best candidate may not be chosen but rather the best writer of tests. Though this problem is extremely difficult to solve, it must be kept in mind. I hope that when standards, including educational standards, are prescribed in the selection procedure candidates will know of them and know exactly where they stand when they are writing tests. This will prevent the disappointment and frustration that come from being first in the examination and then

finding that other disqualifying factors are announced later.

I am happy to note that the bill has been amended to preclude discrimination on the basis of sex. I suspect it will take more than passage of this bill to remove such discrimination, for it is built deeply into the folkways of this part of North America. All the same, I am happy to see this provision in the bill. People occasionally complain to me that a lady is working somewhere but should not be working because her husband is working or she is middle-aged or some younger man should have the job. Many excuses are put forward why a woman should be removed from her job. I have always felt that if a woman is qualified to do the job and performs her duty satisfactorily she has every right to her position.

• (6:10 p.m.)

I was interested to hear the remarks of the hon. member for York South about the desirability of political activity in the civil service. I find that these remarks contradict earlier remarks made by the hon. member and by many other members of his party. Every time a judicial bill comes before the house we are treated to a lengthy dissertation about the horrible system under which judicial appointments are made. We are told that they are made on the basis of past political activity. If the hon. member was in the chamber he would at once leap to his feet and say he was not talking about that at all. The point is that political activity casts doubt occasionally on the validity of an appointment to the judiciary. In like manner I would expect that political activity of an entirely open nature would tend to cast doubt upon the validity of subsequent promotions in the civil service. If a promotion to the judiciary is suspect on the ground of political activity—goodness knows we have been told as much over and over again from the same quarter of the house and I really am not in disagreement with the observations which have been made in this regard—then overt political activity on the part of civil servants would cast doubt on the validity of some of the promotions which might be made within the service and thus reduce the usefulness of some people who might have been quite qualified to move into new positions.

Nor can I believe that it is a great imposition for a member of the public service to be required to seek permission before running for office. I know that at the present time it is frequently the practice for members of the public service to resign on such occasions. In many cases this enforced resignation has been an excellent stepping stone from which to launch a campaign; perhaps such a start is not altogether detrimental to success in politics.

[Mr. Johnston.]

Clause agreed to.

Clauses 3 to 5 inclusive agreed to.

On clause 6—*Delegation to deputy head.*

Mr. Bell (Carleton): This clause deals with delegation and I wish to say that as far as I am concerned it carries on division.

Clause 6 agreed to.

Clauses 7 to 11 inclusive agreed to.

On clause 12—*Selection standards.*

Mr. Bell (Carleton): A brief comment on clause 12. In committee I expressed my concern about the importation into the merit system of standards which I believe to be extraneous to it. Take, for example, such matters as age and residence. I believe these are in the nature of job requisites. If residence is of importance it should be specified under clause 13; it is not, in fact, a matter of merit. Indeed, it is entirely irrelevant to the question of merit.

I made my position on this point clear when I was speaking in relation to another group of subjects. I contended that the commission is introducing into the concept of merit factors which properly belong to the specifications which should be laid out for the job itself. On this occasion I merely wish to express the reservation which I argued in detail last April. My position is unchanged.

May I say that the inclusion of subclause 3 constitutes a great improvement in the bill and is something for which the special joint committee deserves credit. It does give opportunity for proper consultation between the commission and the bargaining agents in regard to the matters enumerated and I hope there will be the fullest and frankest co-operation between the commission and the bargaining agent in this respect.

Clause agreed to.

Clauses 13 to 15 inclusive agreed to.

On clause 16—*Consideration of applications.*

Mr. Bell (Carleton): On this clause I merely wish to say that I am not fully satisfied that the provisions for veterans preference are

working genuinely in the interest of all veterans. I think the house is satisfied with the concept of veterans preference but my view is that the system may well not be working now as was intended I think the commission should confer with the Royal Canadian Legion and that the question should be considered at some time in a future session by the standing committee on veterans affairs.

Mr. Herridge: I wish to support the view just advanced by the hon. member for Carleton. I think it very necessary that we follow his suggestion in view of changing circumstances and conditions today. I trust there will be consultation between the commission and representatives of veterans organizations with respect to the application of this clause.

Mr. Benson: I should like to assure hon. members that the government is most interested in seeing the veterans preferance work in the way in which it was originally intended and I have been assured by the chairman of the Civil Service Commission, who is the chairman of the new Public Service Commission, that he will be pleased to meet with leaders of the veterans organizations sometime in the near future to discuss this particular matter.

Clause agreed to.

Clauses 17 to 20 inclusive agreed to.

On clause 21—*Appeals.*

Mr. Bell (Carleton): I wish to express again the reservation I have already made with respect to the appeal procedures. I believe they should have been spelled out and that an independent and impartial board is to be desired. I believe the commission and the government will within a comparatively short time be compelled to take this position.

Mr. Benson: In reply I can assure the hon. gentleman that the court of final decision, that is, the appeal board, will be an independent group appointed by a commission which is also independent of the government. It is very similar to what was done in Bill No. C-170 which has just been passed, with regard to arbitration tribunals.

Clause agreed to.

Clauses 22 to 31 inclusive agreed to.

On clause 32—*Political partisanship.*

Mr. Knowles: Mr. Chairman, before I make a few remarks on this clause and propose the amendment which I should like to make with respect to it, may I say I was pleased to hear the announcement which the minister made a few moments ago that Mr. Carson, the present chairman of the Civil Service Commission, will be the chairman of the new Public Service Commission. I would also hope that Mr. Cloutier and Miss Addison will be continued as members of that commission.

Clause 32 is the one which deals with the question of political activity on the part of public servants and, as hon. members are fully aware, the particular provision before us is one which came out of the special joint committee itself. As my hon. friend from York South has pointed out, we moved an amendment which would have broadened the provision of this clause. Really we won, because more parties voted for our amendment than voted against it. But somehow or other the Conservatives, the New Democrats, the Social Credit members and the Créditistes were outnumbered by government supporters.

Mr. Reid: That is why you are in the opposition.

Mr. Walker: Carry on. Everything has been fine so far.

Mr. Knowles: I was wondering what party that voice came from. The hon. member has evidently been reading the Gallup polls and is wondering where the present parties are going.

As has already been indicated, since we lost in the special joint committee on the proposal we then made, we do not intend to divide this committee on the same broad question. But we do think the government and members of the committee should consider the appeal which was made by my hon. friend from York South and which I myself spoke about on Friday. The substance was that we should go one step further than we have done up to the present.

• (6:20 p.m.)

Clause 32, as drafted in its present form, provides for a ban on political activity but it does make three exceptions. It permits a civil servant to become a candidate under certain conditions. We will not quarrel with those conditions now that they have been worked out. In addition, clause 32 says clearly that it is not a contravention of the ban on political activity on the part of civil servants to attend political meetings or to make contributions. The contributions can be either to the candidacy of a particular nominee or they can be to the funds of a political party. It is our

contention that one more exception should be added, namely, that we should say it is not contrary to the ban on political activity for a civil servant to be a member of a political party.

We went over this argument in the committee on Friday, and again today, so I will be as brief as I can. We think it is ridiculous to say that a civil servant can contribute all the money he wants to a candidate's campaign funds or to the funds of a political party, to say that he can contribute $100, $1,000 or more, but that he cannot be a member, which may involve the contribution of $1, $3 or some such small amount. We also think it is most absurd to say to a civil servant that he can become a candidate at election time if he wants to, by getting permission and taking leave of absence, and yet leave the civil servant who wants to be a candidate of a political party that requires membership for a certain length of time out in the cold without any chance of becoming a candidate for the party that he happens to choose.

We had a somewhat interesting byplay last Friday and today about the position of the Prime Minister, the Minister of Transport and some others over there who managed to translate themselves from the civil service, where they could not be members of a political party, into the position that they were candidates for the Liberal party. We think that all this is ridiculous and absurd and we should resolve it by adding this other exception so far as civil servants are concerned.

As I say, I am looking particularly at clause 32(2) which says that a civil servant does not contravene the ban on political activity by reason only of attending political meetings or making contributions. We think this clause should say, "by reason only of his being a member of a political party or attending a political meeting or contributing money." If the minister is going to argue that there is at the moment no precise language in clause 32 that says a civil servant cannot be a member of a political party, may I remind him of the argument already advanced by the hon. member for York South, that on those terms subclause 2 is pretty hard to understand. By subclause 2 we say that attending meetings or making contributions is not a form of political activity, but we also use the word "only". The word is right there in the provision—"A person does not contravene subsection (1) by reason only his", doing these two things. Surely it follows that if he does anything else in the political sphere he is contravening subclause 2 of clause 32. Therefore I suggest that common sense, logic and the desire to remove the absurdity from this clause suggest that we ought to amend it. I therefore move:

That subclause (2) of clause 32 of Bill C-181 be amended by inserting in line 4, immediately after the word "his", the following words: "being a member of a political party,"

I have copies of my amendment in both languages. I will not take the time of the committee to impose my French on the members who are here, but I am assured that it is good French. If I may do so, Mr. Chairman, I would like to read subclause 2 as it would read with my amendment incorporated into it. It would then read:

A person does not contravene subsection (1) by reason only of his being a member of a political party, attending a political meeting or contributing money for the funds of a candidate for election as a member described in paragraph (a) of subsection (1) or money for the funds of a political party.

I am assured that the French version, when incorporated into the French text, produces the same result. It is after six o'clock and we are in the closed season on voting in the House of Commons, and I think it applies in committee, and I trust that the government would like to take a little further time to look at this amendment. I would be quite happy if there could be agreement at some time—I do not mean just at the moment I sit down—to letting the clause and the amendment stand until the government can consider it, in the hope that we will not have to vote on it.

Mr. Benson: Mr. Chairman, in this regard I would simply like to say that I would agree to the standing of clause 32 until eight o'clock. We could revert to it at that time. I have been considering over the week end the proposition put forward by the hon. member for York South. When this matter was raised previously in the House of Commons I indicated that the government had a completely open mind on it and that we would accept whatever recommendation came back from the committee. There was a good deal of discussion in the committee on this matter. I believe this was one of the last clauses agreed upon by the committee and they made a recommendation in respect of it.

Concern has been expressed by many people that membership in political parties would affect the capacity of public servants to discharge their responsibilities in a non-partisan manner. This was one of the arguments put forward, and it was a concern expressed by

the officials of some of the employee organizations particularly the Public Service Alliance, who considered that membership in a political party would tarnish the public image of a public servant. I will not go any further into the arguments in this regard. I would simply like to say that I believe the wording of the clause as it exists was carefully considered by the committee, which made its recommendation to the house, and we are willing to accept the clause as recommended to the house. Therefore we are not willing to accept the amendment. Having said that, I would ask, Mr. Chairman, that this clause stand until eight o'clock so that we may consider it further. We could revert to it at that time.

Mr. Barnett: Mr. Chairman, before the clause stands there is a question I should like to address to the minister. If I heard him correctly a little earlier, at the time the hon. member for York South was speaking on clause 2 and dealing with this subject matter the minister said there was nothing in the act which prohibited an employee being a member. Doubt was expressed on that point both by the hon. member for York South and a short while ago by the hon. member for Winnipeg North Centre. I would be interested to have the minister suggest on what grounds he bases that statement.

• (6:30 p.m.)

Mr. Benson: Mr. Chairman, the statement is based on the advice I have been given by officials with whom I have consulted in respect of this particular matter. You will notice that subclauses 1 (a) and (b) and subclause 2 of clause 32 deal with the conditions which exist at election time and do not deal at all with the matter of membership in a political party. They really deal with activities of civil servants at election time. The other matter is left in the same position it always has been. People say that members of the civil service cannot be involved in political parties. There is no provision. It is the same as it has been in respect of the Civil Service Act. People say that under the Civil Service Act civil servants do not have the right to strike; but if they have that right as an individual, then they have the right to do it and apparently it would be upheld in a court of law. I am informed that the same situation exists under this piece of legislation.

Mr. Barnett: Mr. Chairman, the minister may theoretically be right when he says this is parallel to the situation in respect of the right to strike. However I think it would be quite unrealistic for anyone in this house to suggest that it has not been understood, and by and large accepted by people in the public service, that they cannot become members of political parties without placing their employment in jeopardy. Personally I have known a good many people employed in the public service who, to paraphrase what they say have told me they would like to be a member of a party if it were not for this rule. These people certainly had that understanding. I do not know from what source such a statement has emanated. It is, however, a very widespread assumption.

Mr. Benson: I think this really is just an excuse for not joining the New Democratic Party. Really there has been no provision under the act in respect of people being members of a political party, but this is quite different to their taking part in political campaigns. This is what the position has been. There are individual civil servants who no doubt believe that if they should be members of a political party this would somehow affect their position in the civil service. This feeling exists in the civil service. I have good friends who have said to me that they would not join the Liberal party even though they support its ideals and objectives because they feel that as members of the public service they should not do this. I believe it would be wrong to write into this legislation something to the effect that a civil servant can be a member of a political party, because then they would be in a position where pressure could be put on them to join a political party.

Mr. Barnett: I must say that I find myself entirely in agreement with some of the remarks the minister has just made. I think that by and large in a great many aspects of employment in the public service it is right and proper that individuals should decide not to belong to or actively participate in the activities of any political party, but on the other hand, the present range of employment in the public service of Canada embraces all types of occupational groups which find employment under types of employers.

As one example I might pick out the teaching profession. I know a great many teachers who feel free to participate actively in the activities of political parties in this country. I certainly have developed the impression, however, that the teachers who are employed, we will say, in the education branch of the Department of Indian Affairs and Northern Development, feel there is some prohibition to

their participation in political activities, although this is not applicable in the case of their other friends in the profession. I think there is a distinction to be drawn between a person acting directly in a sense, as an agent of the government administering government policies, and a person in a similar professional field which normally is not considered to be excluded.

Whether or not the minister is prepared to accept the amendment moved by the hon. member for Winnipeg North Centre, I think we should at least give some of these things an airing in the house so that we might have an understanding in the house and in the country as to what the situation actually is in matters of this kind. I do not feel that the minister has clarified the situation by the rather abstruse reference to a parallel between the theoretical right to strike and a theoretical lack of any prohibition against membership in political parties, where one would normally expect a person to have that right. I believe it is something similar to the feeling one finds in industry, where there are certain employees of corporations who, because of the nature of their relationship to the corporation and its management, are not expected to be members of the union. The minister may not have knowledge of the sort of thing I am talking about but I find it difficult to imagine that he has not come up against this attitude and understanding.

Mr. Bell (Carleton): Mr. Chairman, may I ask the minister, if he is correct in his statement that there is now no prohibition against membership in a political party, why he objects to there being included in the bill simply a confirmation of what he says is the status quo.

Mr. Benson: I object to its being in the bill because when this bill went to the committee I said I would accept the recommendations which came back from that committee. The committee held extensive hearings and had extensive discussion on this particular matter. Their recommendation has come back and I accept their recommendation.

Mr. Knowles: Mr. Chairman, those are noble sentiments the minister has just expressed, but of course he realizes this is one of the very few issues on which in the committee there was a division. Most of what came back from the committee in these three bills was unanimous. On this point, however, it is difficult to say that there was a consensus, in view of the vote.

[Mr. Barnett.]

Mr. Benson: The report was unanimous.

Mr. Knowles: The minister's announcement that there is no ban on civil servants being involved in political parties may, of course, be quite interesting if it appears in the Ottawa newspapers tomorrow and across the country; but it seems to me that one should not be quite so sanguine as to think that all that is necessary is for a minister to give his interpretation of legal language. In fact, we are often told that this is the sort of thing we should not ask a minister to do; so I suppose I should be grateful he has done it, and it will be taken as gospel.

• (6:40 p.m.)

As I said earlier, I think the problem that arises now is perhaps one that was not there before, and that is that subclause 2 specifically names what is contrary to the ban which seems to suggest that other things of a political nature are also contrary. The minister is relying heavily on his assertion that this relates to election time. Would he please define election time in this country? Any time is election time.

Mr. Walker: The time between the sittings of the house.

Mr. Knowles: For most of us in this place election time was in 1962, 1963 and 1965. We missed 1966, and I do not know whether or not we have missed 1967. Not only is there a question of the frequency of general elections but there are also by-elections to consider. There are rumours that a whole lot of them will be taking place in a few months. Actually there is nothing in clause 32 which mentions an election. Some candidates have already been nominated for the next election. In fact I think the hon. member for Carleton was present at a nominating convention not long ago which put a candidate in the field. Is that correct?

Mr. Bell (Carleton): Yes, in fact two of them.

Mr. Knowles: And I believe they come from this area, in which there are lots of civil servants. Were there any civil servants present at the meeting that night?

Mr. Bell (Carleton): Yes.

Mr. Knowles: The latter part of clause 32(1)(a) says: "engage in work for, on behalf

of or against a political party". Political parties are not organizations that come into being just at election times. They have a reasonably permanent existence. As a matter of fact some of them have been around too long. So I think the minister cannot say that this relates only to the period immediately surrounding a general election.

Mr. Benson: I did not say "general".

Mr. Knowles: If he means by-elections, we have them all the time.

Mr. Benson: It applies to the time surrounding an election period.

Mr. Knowles: Since hardly a year goes by without a by-election in the federal field, it can affect activity for or against a political party. In fact I would ask the minister to explain this. There is nothing that I can see which would qualify as to time the wording in lines 46 and 47 on page 13 which read: "or engage in work for, on behalf of or against a political party".

Mr. Benson: He can do this at any time.

Mr. Knowles: I agree, and I am not trying to change the ban against working for, on behalf of or against a political party. However I suggest that this very language has ruined the minister's argument about time. He cannot say that subclauses 1 and 2 refer only to a few weeks or months surrounding an election. It seems to me that, as the hon. member for Carleton said, if the minister is satisfied that simply being a member of a party is not in contravention of the ban, then why not say so. Is it not necessary now to say so in view of the fact that in subclause 2 we specify what can be done despite the ban? I suggest that having told civil servants that they can attend meetings and make contributions without contravening the ban, we are using language which may make civil servants wonder whether they have the freedom which the minister suggested they do have.

Mr. McCleave: Mr. Chairman, I am glad to see the words "attending a political meeting", because if they were not here I suppose some argument could be made that the chairman of the Civil Service Commission and other public servants should not be allowed to enter the House of Commons to listen to some of our deliberations. However, may I point out right away that I rise to speak on the amendment moved by the hon. member for Winnipeg North Centre. The minister has suggested that, because as members of the committee we were entrusted with a particular task, once we have completed that task whatever we brought forth would be immutable and unchangeable. Perhaps he offers as a compliment the suggestion that our actions in committee were as fossilized as the laws of the Medes and the Persians, which changeth not.

However, may I point out to him that clause 32 was an amendment brought in by his parliamentary secretary, who stood off manfully any attempts to make changes. Further I will suggest to the minister that it would be only human nature if the aforesaid parliamentary secretary, a very estimable fellow, had checked with higher authority before bringing it in.

I know the parliamentary secretary is an excellent draftsman, but I would go even further and suggest that there were certain officials who undoubtedly had a hand in the wording of this particular clause. Call me a suspicious fellow if you will, Mr. Chairman, but my suspicions go even so far as to lead me to believe that the Minister of National Revenue and President of the Treasury Board gave his blessing somewhere along the way to the clause which was brought before us by his parliamentary secretary. So I hope again that, with this little refresher of memory, the minister will accede to the very sensible suggestion of the hon. member for Winnipeg North Centre.

In reading the various subclauses of clause 32 it does not seem to me out of place or illogical to place such a proviso in there. After all there are other permissible actions such as the contribution of money, and in the practice of Nova Scotian politicians one usually follows up one's money with political action. If civil servants are allowed to make contributions I do not see why they cannot be considered as members of a political party. Indeed I think the backroom boys who collect the moneys for the various political parties would think that almost the only *sine qua non* of being a member of a political party was to come marching in with monetary support. I appeal to the minister therefore that he consider the amendment moved by the hon. member for Winnipeg North Centre.

If I may be allowed to say something which may be considered out of order, because I may not be able to take part in the deliberations tonight—

Mr. Walker: Before the hon. member starts on another subject I wonder if he would permit a question—and the only way in which he

will be able to tell it is a question is when I put a question mark at the end of it. Actually it is a question of personal privilege in connection with my role in the committee. I think the hon. member will recall that I brought forward an amendment in the committee which was much broader than the one that has been moved by the hon. member for Winnipeg North Centre, or the clause that is in the bill.

• (6:50 p.m.)

Frankly, to my regret, I found that there were members on the committee—I want to stress the point that this was a personal amendment—who disagreed with this wide extension of political activity which my own amendment would have accomplished. I believe the hon. member for Halifax had his tongue in his cheek when he suggested that the amendments I put before the committee had been vetted by the President of the Treasury Board. This was not so. The President of the Treasury Board assured me that whatever recommendations came out of the committee in connection with this particular clause would be acceptable to him. He spoke on behalf of the government.

Mr. Knowles: If it was not the President of the Treasury Board, who was it?

Mr. Walker: It was the member for York Centre.

Mr. McCleave: Of course I accept the hon. member's question, but perhaps it should have an exclamation mark after it rather than a question mark. I should like to be out of order for about 30 seconds because I have to be on a committee tonight. I compliment the members of the committee for their contribution, and this includes the parliamentary secretary, the chairman, the hon. member for Carleton, the hon. member for Esquimalt-Saanich, the hon. member for Winnipeg North Centre and all the others.

The Chairman: Is it agreed that clause 32 shall stand?

Some hon. Members: Agreed.

Clause stands.

The Chairman: Is it also agreed that the question of the amendment will be taken at eight o'clock, or when the committee resumes?

Some hon. Members: Agreed.

Clauses 33 to 36 inclusive agreed to.

[Mr. Walker.]

On clause 37—*Ministerial Staffs.*

The Chairman: Shall clause 37 carry?

Mr. Benson: Stands.

The Chairman: Shall clause 37 stand?

Some hon. Members: Agreed.

Clause stands.

Clauses 38 to 48 inclusive agreed to.

Schedules A, B, C and D agreed to.

Mr. Benson: At this point, I should like to suggest the committee rise and report progress and that we take a dinner break until eight o'clock.

Mr. Bell (Carleton): Why could we not deal with clause 37?

Mr. Benson: I have a small amendment to propose to clause 37. If we wanted to revert to clause 37, I could move the amendment, which could then be considered by the committee over the dinner hour. The amendment to clause 37 would include in subclause (6), the leader of the government in the Senate or the Leader of the Opposition in the Senate. My amendment is as follows; and I would ask the Minister of Fisheries to move it:

That Bill C-181, an act respecting employment in the Public Service of Canada, be amended by striking out line 40 in subsection 6 of section 37 on page 16 and substituting the following:

"Leader of the Opposition in the House of Commons, leader of the government in the Senate or Leader of the Opposition in the Senate, as it".

Mr. Robichaud: I so move.

Mr. Knowles: I thought the minister accepted the bill as it came back from the committee, but now he is changing it.

Mr. Benson: The big difficulty was in connection with the position of the staff of the Leader of the Opposition in the Senate. This was brought to my personal attention after the bill came back, and it was something that was not considered at all by the committee. The amendment is being introduced in order to take care of the Leader of the Opposition in the Senate. Actually the present leader of the government in the Senate does not benefit because he is a member of the cabinet now and is covered. However, this might not be the case in the future.

The reason I am putting the amendment forward now is to avoid the bill being amended in the Senate and coming back to the House of Commons for such a small matter.

The Chairman: Is it the wish of the committee to revert to clause 37?

Some hon. Members: Agreed.

On clause 37—*Ministerial staffs.*

The Chairman: Shall the amendment carry?

Mr. Knowles: On division.

Amendment agreed to on division.

Mr. Bell (Carleton): I have a brief comment to make in connection with clause 37. Under this clause a statutory right to a position is extended to those individuals who are mentioned—executive assistants, special assistants, and so on. Since this statutory right has not always been given promptly but in some instances has been delayed for months and months, this has caused some difficulty. Recently a case came to my attention in which a person holding a position as of statutory right had been red circled. I want to suggest that the red circling of a position held by an individual who has been granted that position as a statutory right is quite improper. I intend to draw the circumstances to the attention of the chairman of the Public Service Commission. When parliament requires that an individual have a role at a certain level, I think that level ought not, indeed really cannot, be reduced, although I understand a legal opinion by the law officers to the contrary has been obtained. This is the only comment I wish to make.

The Chairman: Shall clause 37 carry?

Mr. Knowles: On division.

Clause agreed to.

Progress reported.

HOUSE OF COMMONS

EXTENSION OF ORDER GOVERNING HOURS OF SITTING

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I have a motion that I should like to put forward concerning the interruption of the sittings for luncheon and for dinner. I should like to move:

That the order of the house adopted on February 3, 1967, and appearing on page 1282 of *Votes and Proceedings* of that date suspending the sittings of the house from seven o'clock p.m. to eight o'clock p.m. on Mondays, Tuesdays and Thursdays and from one o'clock p.m. to two o'clock p.m. on Fridays, be extended for a further two week period commencing February 20, 1967.

Mr. Knowles: By leave, agreed.

Mr. Bell (Carleton): We are in favour of this motion and would be glad to extend it to the end of the session.

Motion agreed to.

• (7:00 p.m.)

Mr. Deputy Speaker: Is it the wish of the house that we resume the business interrupted a few moments ago?.

Some hon. Members: Agreed.

PUBLIC SERVICE

LEGISLATION RESPECTING EMPLOYMENT IN GOVERNMENT SERVICE

The house resumed consideration in committee of Bill No. C-181, respecting employment in the public service of Canada—Mr. Pearson—Mr. Batten in the chair.

The Chairman: Order. House in committee of the whole on Bill No. C-181.

Pursuant to an order of the house just made, this sitting stands suspended until eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Chairman: Order, please. Prior to the dinner hour the committee had been considering clause 32 and the amendment thereto moved by the hon. member for Winnipeg North Centre. The clause was then stood. Is it the wish to the committee to proceed with that clause now?

Some hon. Members: Question.

Amendment (Mr. Knowles) negatived: Yeas 23; nays 44.

The Chairman: Shall clause 32 carry?

Mr. Barnett: I have been reflecting upon the remarks made before dinner by the President of the Treasury Board. I am wondering, in following his line of logic and the parallel he drew with certain things not being declared, or as not being unlawful—and these things are not spelled out in the bill—whether the minister could not delete clause 32 entirely. The matter would then be left to the judgment of the people in the public service. We agree that in the past these people have shown and most likely in the future they will continue to show the right kind of judgment, without entering into any form of partisan activity.

Mr. Benson: Clause 32 contains certain prohibitions which were agreed to by the committee considering this legislation. I do not think the list of prohibitions rules out any rights possessed by an individual under the rule of common law. I am the last person to be talking as if I were an expert about the law as such. The only point I wish to make is that any common law rights there are still exist. That is as far as we can go. I do not think I can make any more comment.

Clause agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

The Chairman: When shall the said bill be read a third time?

An hon. Member: By leave now.

Mr. Benson moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS RESPECTING FUNCTIONS OF TREASURY BOARD

The house in committee on Bill No. C-182, to amend the Financial Administration Act—Mr. Pearson—Mr. Batten in the clair.

On section 1: *Responsibilities of Treasury Board.*

• (8:10 p.m.)

Mr. Benson: I suppose there is little I need say about Bill C-182, which complements the two pieces of public service legislation with which the house has already dealt. The basic purpose of the bill is to amend the Financial Administration Act in such a way as to provide the Treasury Board with the authority it will require to act as the central management agency envisaged by the royal commission on government organization, and as the principal agent of the government in employer-employee relationships in the processes of collective bargaining.

I should like to say that in the case of this legislation, as in the case of the other bills we have considered, the government wishes to express its appreciation to the joint committee for the careful consideration given to this measure, as well as for the amendments which were introduced, and I should like to indicate at this point that the government is happy to support without reservation the bill as it was recommended by the special joint committee of the Senate and the House of Commons.

[Mr. Barnett.]

Mr. Bell (Carleton): Most of the comments which might normally have been made on this bill have already been made on its two companion measures. I have only three comments to make, now.

In earlier debate I expressed reservations about the transfer of all responsibility for classifications and establishments from the Public Service Commission to the Treasury Board, a politically motivated body no matter how dedicated the secretary and the officers of that board might be. To this change I adopt what I might describe as a wait and see attitude. As long as I am in this chamber, personally, I shall endeavour to check and monitor the work of the Treasury Board in this respect.

The bill as originally presented to us contained no provision for appeal in the case of dismissal on security grounds. It has been greatly improved in the special joint committee by the inclusion of a mandatory provision for an inquiry prior to a person's dismissal for security reasons. But it is still weak, inasmuch as it leaves the nature of the inquiry totally undefined; the matter is left to regulation by the governor in council, the dismissing body.

I believe that some certainty, some procedure enacted and specified by parliament itself, is not only desirable but essential. Were it not for the fact that this new clause is one which must obviously be studied by the royal commission on security headed by Max W. Mackenzie, I would be prompted to move an amendment to establish formal procedures on appeal. If my words are heard by the commission I submit that they should devise and recommend formal and public procedures or techniques of inquiry for inclusion in this legislation.

Finally, I want to express my grave reservations about the provision for Governor-General's warrants which is re-enacted in this measure. I will await clause 6 before expressing my firm disapproval of this undemocratic technique of public financing.

With these comments made, we have no reason to delay the passage of this bill.

Mr. Lewis: Like the hon. member for Carleton I shall not take very much time. I would point out to hon. members of the committee who have not had the occasion to study this bill as closely as those of us who were on the special joint committee that the measure now before us represents a serious and important change in government organization.

The President of the Treasury Board will now have a great deal more authority, and, what is perhaps more important, a great many more duties than heretofore. I should also like to remind members of the committee that the Treasury Board from now on will be in effect the employer of the public service; in practical effect, if not in law, it will be the Treasury Board which will be the employer of every civil servant who works for the federal government. It will be the Treasury Board which will be negotiating with the certified bargaining agents; it will be the Treasury Board which will agree or disagree with any proposal made by the employee association; it will be the Treasury Board which will be signing collective agreements. So while this may appear to be only a technical bill making certain changes in the Financial Administration Act, it really places on the Treasury Board a whole range of new responsibilities and duties, including responsibility for collective bargaining under Bill No. C-170.

One can only express the hope that the representatives of the Treasury Board when negotiating with the employees will act in such a way as to make this employer a model employer in Canada. The President of the Treasury Board indicates it is already the model employer of Canada. He will forgive me if I say that if I wanted to take up the time I could show him a number of instances where the model needs a great deal of redesigning. I am hoping that Bill C-170, which this house has passed, affords a structure within which this redesigning can take a proper form in actual bargaining between the employee representatives and representatives of the Treasury Board.

I told some leaders of the public servants whom I met last Wednesday, and I repeat it now, that I was most impressed by the attitude of the secretary of the Treasury Board, Dr. Davidson, and Mr. Douglas Love, when they appeared before the joint committee. They appeared to me to indicate an attitude which augurs well for the future of the collective bargaining régime. I hope the actual process of collective bargaining will not revive any managerial prejudices which are below the surface at the present time—that they will remain sunk, even under the pressures of collective bargaining.

I am taking nothing away from the hon. member for Carleton when I take the liberty of reminding, or informing, members of this committee that I had occasion to battle a great deal about the right of appeal for persons dismissed for security reasons. Like the hon. member for Carleton I am dissatisfied with the provisions for inquiry contained in clause 3 of Bill C-182. I still cannot for the life of me understand why the government members could not have agreed to the inclusion of a decent form of appeal in the case of dismissal, for reasons given in the relevant clause. I was told in the joint committee that one of the reasons for this attitude was that a royal commission of inquiry into security matters is now in progress, and that it would be wise to await the results of that inquiry before setting out any complicated appeal machinery.

I was unconvinced then by this argument, and I am still unconvinced. Surely there would have been nothing to prevent the government from making any changes which the report of the royal commission on security might have recommended as necessary or desirable. In the meantime, anybody affected by dismissal for safety or security reasons could resort to a definite form of appeal.

• (8:20 p.m.)

I am glad the government went so far as to agree at least to provide statutorily for an inquiry, but I draw the attention of the committee to the fact that the inquiry is being made in accordance with regulations of the governor in council by the person appointed by the governor in council, and without any requirement that the person concerned is to be given details of the charges against him or, detailed information as to the reasons why he was dismissed, so that he would have a case that he could meet before such an inquiry. After all, it is the essence of any kind of inquiry that is really worth while that the person charged, accused, disciplined, discriminated against or in any other way dealt with as a result of some allegations, should know the precise nature of those allegations and be able to meet them in the proper way.

I therefore echo the criticism made by the hon. member for Carleton and criticisms which I made in the joint committee as loudly and as annoyingly as I could, that this provision for an inquiry, although a step forward, is simply not adequate. I hope that between now and the time the royal commission of inquiry into security matters reports, the government will have no occasion to use the powers conferred by this clause of the bill or that anyone will suffer injustice—because injustice there will be if there is no more adequate provision than this. I also point out

that in addition to the dismissal of the employee concerned, there is the problem of what happens to some of his benefits when he is dismissed. I hope this question will be gone into in any inquiry that is set up under this bill.

As I said with regard to the bill that was before us a few minutes ago, I am still very much disturbed by the fact that classification of employees is exclusively within the authority of the Treasury Board, and that the collective bargaining process will not be such as to have any effect on the classification of employees. Anyone who has represented workers at any time knows perfectly well that classification is as related to wage determination as any other factor in the labour-management relationship. As I said the other day, you could easily get a wage increase on Monday and find it eroded on Tuesday by a reclassification that the employer unilaterally undertakes. Fiddling with classifications, reclassifying positions, reducing the rate attached to a particular classification, and all that kind of thing, immediately affects the total salary situation.

Again I repeat what I said in committee and have said once or twice before on the floor of this house, that even though I grant without reservation that it is a normal right of the employer initially to classify the work that has to be done under him, I still see no reason—I did not see any in committee—why the collective agreement could not contain some provision for negotiation in cases of reclassification or changes in classification, even through the initial step is taken. When you have a collective agreement, the collective agreement in this case, I imagine, as in all other cases, will set out in one way or another all the classifications of employees and the particular salary or salary ranges applicable to a given classification. I hold the view that I may say was shared by Mr. Justice Laskin who, before he was appointed to the bench was one of the leading arbitrators and conciliators in the province of Ontario, if not in Canada, that once you have set in a collective agreement particular classifications of employees, it should not be within the power of the employer unilaterally to erode the collective agreement by either withdrawing classifications or fiddling with them during the term of the collective agreement.

That is why I am disturbed by the fact that the area of classification of employees is outside the realm of collective bargaining under a previous bill considered and passed by this house. I can only express again the hope, as I did on another occasion, that Treasury Board officials and the Treasury Board itself will be mighty careful about their behavior with regard to classifications. I do not suppose I have known anything quite so disruptive and, if I may say so in the presence of the President of the Treasury Board and some of his officials, in a sense so shameful as the reclassification and red circling which went on in the federal civil service in the last number of months. The fact that the way it was done was regrettable is, I think, proven by the fact that many thousands of the original reclassifications were abandoned or changed and many of the red circles were removed. In my submission, the only decent way of reclassifying and changing rates for classifications is not to hurt the incumbent employee, not to make the new, lower rate applicable to the person already on the job but to make it applicable only to a new employee undertaking the job for the first time.

I submit that this could not have happened if classification had been part of an existing collective bargaining regime. Perhaps it is too strong to say that it could not have happened, but it certainly would have been much less likely to happen if that had been the case. If Treasury Board indulges in the same kind of reclassification in the future, using its exclusive right in this field to do that kind of thing, namely to red circle and green circle as they have in the last number of months, they will create precisely the same confusion, resentment and loss of morale which the red circling produced in many areas of the civil service, the customs and excise area and many others, in the last number of months. It is obvious that nothing we can say or do will change the government's mind on this question of keeping classification out of the collective bargaining process, because we tried for many, many hours in the joint committee and I personally, as I said the other day, felt embarrassed from time to time at being so annoying and persistent in my demands on this and related issues.

Certainly we could move an amendment on the floor of this committee. If we did that, the Whip of the Liberal party would make sure that those who have gone for coffee, or wherever they have gone, would be brought back into the chamber and there would be further delays, which we are determined to try to avoid. So we have to accept the government's unjustifiably adamant position, in my opinion, on this matter, give the bill a chance, and see

whether this provision will in fact work. I hope that the staff associations, which are very much worried about the question of classification, will watch with great care, what Treasury Board does, will note everything that the board does, will keep a very careful record of the results of its actions in the field of classification, and will arm members of parliament of all parties with the necessary information to produce a change in the law if the behavior of Treasury Board should require it.

Mr. Chairman, I do not think there is anything more I can usefully add at this point. I can only hope and pray that Treasury Board will behave like a good employer. I am not so sure what my prayer can accomplish, but I can at least hope, because if they do not behave like a good employer things will be pretty dismal for the civil service.

The Deputy Chairman: Shall clause 1 carry?

Some hon. Members: Agreed.

• (8:30 p.m.)

Mr. Knowles: Mr. Chairman, I should like to ask the President of the Treasury Board a question which seems to come under clause 1.

Mr. Benson: Mr. Chairman, should we not be on clause 2?

Mr. Knowles: Clause 1 is deferred only when it is simply the short title. Clause 1 in this bill, as the minister recognizes, is one of considerable substance. It gives the Treasury Board authority with regard to a number of pension acts, and it is in relation to this that I should like to ask the minister a question.

As the minister knows, the joint committee on the public service of Canada is still meeting, primarily in respect of pension questions. I do not at this time intend to bring in the kind of matters they are dealing with in the committee, but I should like to say to the minister that when some of the delegates which have appeared before the committee have been asked about what should be done in respect of future, with particular reference to the writing of an escalation clause into the pension plan and things of that sort, the reply I think by all the delegates has been that this could be the subject of collective bargaining.

When the specific question, would you favour an adjustment of the rates that are paid to achieve such and such a purpose, was put, the answer was that that could be the subject of collective bargaining. I should like to ask the minister whether, under the provisions of this and the other bills we have dealt with, it is clear that changes in the various pension plans, such as the Public Service Superannuation Act and others could be the subject of collective bargaining between employee organizations and the Treasury Board.

Mr. Benson: Mr. Chairman, contributions with regard to pensions are covered under the Public Service Superannuation Act and no collective bargaining agreement can affect a statute. Therefore changes in pensions of the public service are not bargained in the collective bargaining sense. I am informed they would have to be approved by parliament and would take the form of amendments to the Public Service Superannuation Act.

Mr. Knowles: Is that any different from some of the other things which might be agreed to as a result of collective bargaining? Are there not other cases in which the result of collective bargaining would call for an enactment by parliament? As I understand it, the only thing the government can undertake at these collective bargaining sessions is to bring these matters before parliament. If that is the case in respect of other areas, could it not be the same in respect of pension matters?

Mr. Benson: In the new bill clause 56(2) provides:

> No collective agreement shall provide, directly or indirectly, for the alteration or elimination of any existing term or condition of employment or the establishment of any new term or condition of employment,
>
> (a) the alteration or elimination of which or the establishment of which, as the case may be, would require or have the effect of requiring the enactment or amendment of any legislation by parliament, except for the purpose of appropriating moneys required for its implementation, or
>
> (b) that has been or may be, as the case may be, established pursuant to any act specified in schedule C.

Then schedule C mentions the four acts, the Government Employees Compensation Act, the Government Vessels Discipline Act, the Public Service Employment Act and the Public Service Superannuation Act.

Mr. Knowles: I still wonder whether we did not have an understanding in the committee that in fact there would be areas in which part of the agreement between the government and the employee organizations would be an undertaking on the part of the government to seek certain changes in parliament.

Mr. Benson: I do not think the government as such in a collective agreement could undertake to change a statute.

Mr. Knowles: I did not say "undertake to change it"; I said "undertake to seek the change".

Mr. Benson: The government at any time could, outside the House of Commons, state that it intended to undertake to change a statute; but this in itself does not change the statute. I do think any government in collective bargaining, if a matter of superannuation were considered, could say that it would take this under consideration. This is a matter for decision by parliament, and if the government indicated in a collective bargaining agreement that it would change a statute of parliament, everyone in this house would say that it was overriding the powers of parliament as such.

Mr. Lewis: The minister is misunderstanding the point, if I may respectfully say this to him. There are two stages. One is the collective bargaining itself; the other is the actual document in which the agreement is embodied. The minister is quite right that clause 56 states that the collective bargaining agreement cannot provide for some term that is not consonant with the acts set out in schedule C. Certainly he is right. Obviously one could not oppose that, because if you have an act of parliament that sets certain standards, you cannot by a collective agreement amend the act of parliament. No one has suggested that.

What I believe my colleague the hon. member for Winnipeg North Centre has in mind, and what I should like the minister to say, is that so far as he is concerned, as the President of the Treasury Board, there is nothing to prevent a staff association putting on the bargaining table matters relating to superannuation and that the government, through the Treasury Board, will be prepared to discuss superannuation at the bargaining table. What the result of that discussion will be, if there is agreement between the Treasury Board representatives and the union representatives, may have to go to the colleagues of the President of the Treasury Board, and he may have to persuade them to make certain amendments to the Superannuation Act. We should like to have on the record, however, a clear statement that superannuation is properly a matter for consideration at the bargaining table.

Mr. Benson: Mr. Chairman, any matter to be raised in the process of collective bargaining could include superannuation. What I was attempting to stress was the fact that the collective bargaining agreement as such could not amend an act of parliament. Certainly the matter can be put forward by the employees or by the government. It can be considered and the government then, outside the collective agreement, can indicate it might be willing to undertake certain proposals in respect of amending the particular legislation.

Mr. Lewis: Perhaps the minister can make this a little clearer, without some of the reservations which his words convey. Are there some areas in which the employer—in this case the Treasury Board—would be fully justified in saying that this is not a matter for collective bargaining? When the area is classification of employees, and so on, we may be certain that superannuation or any matters covered by the acts set out in schedule C are not necessarily excluded material from collective bargaining.

Mr. Benson: These are not exclusive managerial decisions, as are such things as classification, whether my hon. friend likes it or not in the present legislation.

Mr. Bell (Carleton): Mr. Chairman, there is one point arising out of subclause 2 upon which I should like to make a comment. This is the clause under which the Treasury Board is authorized to exercise the power of the governor in council under certain acts.

• (8:40 p.m.)

Paragraph (f) is a general provision which reads as follows:

> such of the provisions of any other act respecting any matter in relation to which the Treasury Board may act for the Queen's Privy Council for Canada pursuant to subsection 1 as may be specified by the governor in council.

I would hope that this authority for delegation would be used as sparingly as possible and only for a very good reason. The President and Secretary of the Treasury Board and I, have argued the question related to the production of minutes of the Treasury Board in the house. The President and the Secretary of the Treasury Board have taken the attitude that the minutes are not subject to production in the House of Commons as are orders in council. If the governor in council acts, then the house may get the documents, but if there is a delegation of authority to the Treasury Board then the President of

the Treasury Board will probably come to parliament and hide behind the alleged privilege of the minutes of the Treasury Board. If he does, then the house will be denied access to information in some cases which is urgently desired.

Under the structure that is proposed there is no doubt that the Treasury Board will have to act in many of these matters, but I do hope there will be no hiding by way of privilege in the way which I mentioned.

[*Translation*]

Mr. Langlois (Mégantic): Mr. Chairman, I have nothing to add to the remarks made by the hon. member for York South (Mr. Lewis) on subclause (7) of clause 3 and on security.

However, Mr. Chairman, I should like to call the minister's attention—

[*English*]

to the following subject. There is a problem here under internal administration, grievances that come under the jurisdiction of the internal administration. Some methods of dealing with them have already been established but I should like to get an explanation from the minister. I am referring to internal administration under subclause 1.

Mr. Benson: I am not sure what my hon. friend is referring to when he speaks of internal administration. If he is referring to internal administration in the House of Commons let me tell him that this does not come under this legislation. It comes under the House of Commons Act. Earlier this afternoon I gave certain assurances with regard to it. The employees of the House of Commons are not employees of the government as such but employees of this house. The manner in which we deal with them must be decided by all parties of the house.

Mr. Langlois (Mégantic): May we have an assurance from the minister that we will have some explanations from him with regard to this matter in the near future?

Mr. Benson: This afternoon I gave some assurances which will be recorded in *Hansard.*

Mr. Lewis: Can we have some co-operation from those who manipulate the loud speaker system, because we cannot hear the minister too well and we get a good many echoes over the earphones. Words can be interpreted in many ways when there are no echoes, but the echoes can double or triple the meanings.

Mr. Benson: That is no fault of mine.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Powers and Functions of Treasury Board in Relation to Personnel Management.*

Mr. Douglas: Mr. Chairman, I wish to say a few words about subsection 7 of section 7 in clause 3 of the bill. I am particularly concerned about this subsection which reads as follows:

> Nothing in this or any other act shall be construed to limit or affect the right or power of the governor in council, in the interest of the safety or security of Canada or any state allied or associated with Canada, to suspend any person employed in the public service or, after an inquiry conducted in accordance with regulations of the governor in council by a person appointed by the governor in council at which the person concerned has been given an opportunity of being heard, to dismiss any such person.

Subsection 7 is a very slight improvement over section 50.

Mr. Benson: It is a considerable improvement.

Mr. Douglas: We will see how much of an improvement it is. I remember that when we were arguing over the Victor Spencer case I think it was the Prime Minister who said that back in the 1950's section 50 had been passed without any strenuous objections. I want to make it very clear that I have strenuous objections to it now. The words "or, after an inquiry conducted in accordance" simply provide for an inquiry. In the case of Victor Spencer it was an inquiry concerning a man who had been dismissed by the governor in council, was to be tried under regulations made by the governor in council by a person appointed by the governor in council. If there is anything more unilaterial than that, I do not know what it is. The governor in council is going to be the judge, jury and executioner.

Mr. Benson: Will the hon. member permit me to clarify this? Under subsection 7 he is not dismissed by the governor in council, but suspended until an inquiry takes place at which he can put forth his case.

Mr. Douglas: Certainly the last part of the phrase which reads "to dismiss any such person" indicates that somebody has to dismiss him. Surely this would be under the jurisdiction of the cabinet after an inquiry had been conducted under the regulations made by the cabinet by a person appointed by the cabinet.

In other words the cabinet will be the judge, the jury and the executioner. The cabinet will set up regulations under which the man will be tried, will appoint the judge, and after this kangaroo court is carefully set up the man will be dismissed by the government, whose original suspension will be fully vindicated by the quasi court which it has set up.

Mr. Benson: May I ask the hon. member a question? Does he really believe this? This is exactly what Victor Spencer asked for and what the government gave him. He asked for an inquiry conducted by someone appointed by the governor in council. Does the hon. member believe that that inquiry was not carried out fairly in the circumstances, or that the governor in council can make this kind of decision with regard to a dismissal without first obtaining advice from the R.C.M.P., and from the committee on security, etc.?

Under this section a person cannot be dismissed summarily as he was under section 50; he can only be suspended. He is given the right which Victor Spencer had when the inquiry was set up. I am the first to admit that this is not a perfect solution, that it is an interim solution as was understood by the committee at the time when it was passed. It is an interim solution while we are awaiting a report from the committee on security.

Mr. Douglas: Mr. Chairman, to try to refer to the Victor Spencer case in order to gain approval for this subsection is a very weak argument indeed. In the first place Victor Spencer was only given an inquiry after weeks of questioning and protestations in the house. Second, he was granted an inquiry by a person appointed by the cabinet, only because there was no other way of having such an inquiry. Now, if the minister will just possess his soul in patience I can get to the point I am seeking to make.

• (8:50 p.m.)

I suggest that what is required here is not an inquiry. What is required here is the right of appeal to some impartial person or board, and not under regulations set up by the people who want to fire him; not by a person appointed by the people who have already made a decision with respect to his case. First, he ought to have a right of appeal to some impartial person or tribunal. Second, the regulations and the procedures under which that appeal will be conducted should be set out, not by the cabinet but by parliament, or set out under usual judicial procedures. Thirdly, there should be a guarantee that in the course of that appeal he will be allowed two things; one is to know clearly and distinctly what the charge is and what the evidence is against him, and the other is that he will be allowed counsel and that counsel will be allowed to appear for him, and will be given in advance all the evidence that has been collected against him. These are the basic things that any individual going into court would be entitled to under our system of jurisprudence.

However, since this individual is a civil servant, under the cloak of secrecy he can be denied the basic tenets of justice. He may be dismissed by the governor in council. He may be tried by someone appointed by the governor in council under regulations set up by the governor in council. This, Mr. Chairman, is far from any great improvement over the old section 50 of the Public Service Act. This is not a right of appeal. This is simply a situation in which the cabinet can suspend some person with the intention of firing him, and after they have set up an inquiry under their own appointee, with their own regulations, they can get the approval of that appointee for the dismissal of the individual concerned.

This individual, under this subclause 7, has no guarantees at all that he is going to have a fair hearing, that he is going to have an impartial judgment made of his case, that he is going to be given in advance all the facts and data upon which the charge is based. He has no guarantee he will be brought face to face with his accusers. None of these things is spelled out in this subclause. I think the minister ought to be ashamed to ask this committee to approve a subclause like this. It represents a complete abdication of the ordinary precepts of Canadian justice.

I think the minister ought to give the committee at least some idea of the regulations the governor in council proposes to promulgate for the conduct of such an inquiry. What are the regulations to be? What rights will an individual have who appears before this inquiry? Will he be entitled to have counsel and to have the evidence presented against him? Will his accusers appear and be subjected to cross-examination by counsel for the accused? Will all the ordinary court procedures obtain? We do not know. I for one am not prepared to see this subclause pass until the minister tells us what the regulations are which the governor in council has in mind, and which will constitute the framework within which this inquiry will be conducted.

Mr. Langlois (Mégantic): The hon. member for Burnaby-Coquitlam never ceases to astonish me. Today he seems to be clairvoyant, but on other days he seems to be a little bit short-sighted. I am always embarrassed for the former premier of Saskatchewan. In some respects I am somewhat surprised at the proposal contained in subsection 7 of clause 3. If we recall correctly, this provision was probably amended following the Victor Spencer case which was brought before the house. The hon. member for Burnaby-Coquitlam said entire responsibility for this matter lies with the cabinet. Well, I would not know who else would have responsibility. If a person has been accused of a breach of security, it is up to the government to deal with that person. Parliament will know about it when any such action is taken. This is a better system than we used to have.

Everyone, Mr. Chairman, has a right to a fair hearing. If there is no cause for alarm after the hearing has been conducted, the man should be rehabilitated and the case set aside. If there is any doubt in a security case, can that man stay? These remarks apply to a person who has been accused by the government. But suppose it is a case like that of Calvin Macdonald who has not been accused by the government? He has no remedy in trying to get a fair trial. The minister may say this matter does not come under his jurisdiction. However if a man is an agent for the R.C.M.P., part of his pay is withheld to rehabilitate him when he is no longer an agent.

If someone is being accused, then it is the government's responsibility to assure that person a fair hearing. Mr. Macdonald is being tried by public opinion because of the government's silence. If we go around suspecting people and accusing them, then it is up to the government to give these people an opportunity to clear themselves. I am not too concerned with whether or not the government appoints the judge for this inquiry. The hon. member for Burnaby-Coquitlam says the government should not name the judge. However, the government names all the judges. I do not believe in this system of nominating judges, but I believe that until it is changed we have to accept it. If a man who has been accused is given a fair hearing and is found guilty, then that should be the end of the matter.

• (9:00 p.m.)

In this case a man and his family and all those involved have been left in a state of suspension, and I think this is a grave injustice. The government says that it cannot do anything in a case like this. I would draw attention of hon. members to what happened in the case of Leopold. So why cannot the same thing happen in the case of Macdonald? If the man was not an R.C.M.P. agent he should be locked up. He has accused members of the former C.C.F. party and other members of the House of Commons, though not in a derogatory way. He made reference to Mr. Coldwell, a man I respect and who was nominated for the commission.

There have been a lot of protests over the Victor Spencer case, yet in the case of Macdonald there has been nothing but silence. Why is this, Mr. Chairman? Is it because some cabinet minister says the guy is a crackpot? Who is any cabinet minister to call someone that? I think some members of the cabinet may be crackpots, but we still have to put up with them. If this man was either working directly or indirectly with the R.C.M.P. and they were paying him, then he was working for the R.C.M.P. Now he has been found out. Nevertheless the government should look into this question and publicly state one way or the other exactly who this man was and what he was doing. This is the responsibility of the government.

In matters like this there may be many doors to pass through and sometimes they are all closed. If this parliament had not acted on the Victor Spencer case, then perhaps this clause might never have been in the bill. Unfortunately he died suddenly before the matter could be cleared up. But the other gentleman is not dead and neither is his family. I think the government should make a public statement on the matter and if under this clause the man deserves to be rehabilitated, then the government should take action.

The only reason I spoke on this clause is that on one side we talk of rights and on the other side we forget about them altogether. You would be surprised, Mr. Chairman, how many people do not know what they are talking about when they discuss Calvin Macdonald. All they know of him is that he was the guy who threw the blood bomb.

If a member of parliament cannot get a reply from the government, Mr. Chairman, just imagine how difficult it is for the little man out in British Columbia. I do not know whether the government is waiting for some brain wave or some fancy idea, but sometimes we forget to take our own responsibilities.

Certainly in this regard I condemn the government for their lack of responsibility. All the government say in cases like this is that they must keep silent. But they did not keep silent during the war in the case of Leopold. If he could be reinstated in employment, then so should Macdonald. If Calvin Macdonald is a lunatic then he should be locked up. If the man stands accused of being a Communist spy for ten and a half years, then why is there any need to wait. He should be brought before an inquiry so that he can tell all he knows. Such an inquiry need not be a public inquiry, but some determination should be made as to whether he should be put behind bars or rehabilitated.

I would suggest that a man like this who has worked for his country deserves just as much justice and attention on the part of the Canadian government and parliament as one accused by the government outright of being a Communist spy and relieved of all his privileges until an inquiry was set up. If we give this sort of treatment to our official spies we should at least give it to one who says he worked for the R.C.M.P.

Mr. Baldwin: Mr. Chairman, I just wanted to make a very brief observation. I think we all accept the fact that the application of the strict rule of law must be superseded at times when the security and safety of the realm is at stake. I think this is the condition precedent which is set out in the first part of subsection 7 in clause 3.

I was not present during the committee sessions, though I did read some of the transcripts. I take it that this particular clause is only a stop-gap, interim measure until the government, through its committee now in operation, has completed examination of this very difficult problem and has brought in some regulations. I do not know whether any undertaking has been given in this regard, but this undertaking should not preclude this parliament from examining the regulations.

True enough, Mr. Chairman, the government must have a responsibility in this matter, but I would hesitate to agree to this measure—in fact, not only would I hesitate but I would oppose it—as it is embraced within the four corners of subsections 7 and 8, if I thought that there would not be any opportunity for this house to debate at some future time not too far distant the regulations under which there would be some process of examination where the safety and security of the state is involved. As I read subsection 8, once the order has been made by the governor in council it shall be taken as being conclusive proof of the matters stated therein. In other words, there is no opportunity for it to be tested or questioned.

I am not going to say any more. If the government is in a position to tell me that following the completion of the proceedings of the committee set up by the government these matters will be brought before parliament and an opportunity given to debate the kind of procedures involved in security matters, which will be the subject of a more permanent arrangement, then I am content.

• (9:10 p.m.)

Mr. Benson: Mr. Chairman, I would first like to say that this is only a stop-gap measure for the future until the commission appointed by the government reports and recommends procedures with regard to security matters in this country.

On this commission we have Mr. Max Mackenzie, Mr. M. J. Coldwell and Mr. Y. Pratt. We hope that in the not too distant future these gentlemen will come forward with a report which will advise the government how security matters should be handled. The representatives of the party of the hon. member for Burnaby-Coquitlam were sitting on the joint committee. That body came forward with this measure as a possible stop-gap. For the interval I hope that no security cases arise until after the royal commission has reported. I wish to assure the committee that this is a stop-gap measure and will be subject to review when the report of the royal commission on security has been received. In the interim we hope this will be acceptable to the committee.

Personally I believe that this measure is far superior to section 50 of the Civil Service Act. Subsection 2 of section 50 says:

> (2) Nothing in this Act shall be construed to limit or affect the right or power of the governor in council to remove or dismiss any employee.

This is a real step forward. It is not the ultimate solution to the problem. I think we would be guessing at what the royal commission on security will find or recommend if we go further at this point.

Mr. Douglas: I understood, from the minister's previous statement, that this was an interim measure pending the recommendations of the commission set up to look into security procedures. I understand that. I would not expect the minister to move a lengthy amendment, with that caveat in mind.

Though this is an interim measure until the commission reports and until the government brings down legislation to implement any recommendations the committee may make—which may take two or three years—I think this clause could have been much better than it is. We are passing a law: We are not passing a temporary regulation. This matter becomes a law of Canada.

Even though this is a temporary measure I object to two things in it. One of those has to do with the whole procedure under which the inquiry will be conducted and the right of appeal, which goes much further than the inquiry. The framework within which the inquiry will be conducted is to be contained in regulations passed by the governor in council. We have not seen the regulations. As things are, the government is left with a completely free hand as to the regulations it will pass and the framework within which they will be set up. The other objection is that this measure says that the commissioner has to be appointed by the governor in council. That might be somebody in the civil service; it might be somebody closely associated with those who have suspended the man and recommended his dismissal. The minister could have saved himself much trouble by having placed in subclause 7 a provision saying that when a person has been suspended for security reasons the right of appeal would be to some judge named by the Chief Justice of Canada.

In these circumstances the judge appointed would set up the regulations and framework within which the appeal would be heard and the inquiry conducted. This would give the judge the right to decide the extent to which the hearings would be private—I assume they would be in camera—and the procedures for the conduct of the appeal. This gets the governor in council entirely out of the picture. A security matter ought to be referred to a judge, it should be left to a judge to carry out his own investigation in the way he thinks best. That would alleviate any suspicion that the person appointed as commissioner has been selected because he is more likely to agree with the recommendation of suspension and dismissal.

The minister shakes his head. I remind him of the old saying, that not only must justice be done, but it must appear to be done. Beyond a shadow of doubt it must appear to an individual who has been dismissed on security grounds that justice has been done. Those grounds, because they have to do with security, cannot be made public. I point out to the minister that subclause 8 of clause 7 says:

(8) For the purposes of subsection 7, any order made by the governor in council is conclusive proof of the matters stated therein in relation to the suspension or dismissal of any person in the interest of the safety or security of Canada or any state allied or associated with Canada.

We are giving this commission wide powers. Not only has it power to inquire, but the decision it reaches is final and complete. I take it there can be no appeal to the courts. A man can do nothing else. If you are to make such a definite decision, which would end a man's employment with the government and probably ruin him for life—any man who has been fired by the government after an inquiry on the grounds of security, is not likely to find a job anywhere else in Canada or in the western world—it is extremely important that this committee make absolutely sure that when a person is dimissed he has every opportunity to present his case. He should be treated according to the ordinary precepts of justice.

The government for its own sake, I should think, would want to wash its hands of anything that looked like a biased judgment. I do not know why the minister does not consider that when it is decided to suspend a man, the right of appeal should be given to him. Any such appeal ought to be conducted by any judge of the Supreme Court selected by the Chief Justice of the Supreme Court. It should be left to that judge to decide how to conduct the inquiry.

Mr. Herridge: Mr. Chairman, I want to raise what might be considered a contentious question. I have been asked to do this by some people in my constituency, by some members of the public service in Ottawa, and by some other employees in the public service. I suppose I have been asked because possibly I represent the Victorian values more than any other member of our group.

I want to quote two paragraphs taken from section 3:

(f) establish standards of discipline in the public service and prescribe the financial and other penalties, including suspension and discharge, that may be applied for breaches of discipline or misconduct, and the circumstances and manner in which and the authority by which or whom those penalties may be applied or may be varied or rescinded in whole or in part;

(g) establish and provide for the application of standards governing physical working conditions of, and for the health and safety of, persons employed in the public service;

We take it that persons employed in the public service are proud to be in it. I am rising to ask one or two questions which have not been answered to the satisfaction of employees in the public service, the public or some of the supervisors and administrators of the public service. I ask the minister, with respect to this section related to discipline and so on, are certain standards of deportment and dress required in the public service of Canada? Are they required in all branches of the service?

This has been brought to my attention. In my own constituency we have a young man who was employed as a postman, you see, and there was a dreadful uproar because he went round with the post, delivering the rural mail wearing this postal hat, with his hair down over his shoulders. There was a proper hullabaloo. I might tell the minister that I am inclined to be always on the side of discipline in cases of this kind.

• (9:20 p.m.)

Then again, there is the question of miniskirts in the public service. Are there any standards applied? I am not asking about anything reasonable, but suppose some female employee turns up in anything which might be considered quite outrageous. Are there any standards in this respect? I am lately informed that in some departments of the public service young ladies have arrived in their offices with skirts so short that it has been necessary to put screens in front of their desks. I should like the minister to make inquiries into this. Are there any standards about dress, or with respect to the length of hair and so on? Miniskirts and long hair can be very diverting and provocative in certain circumstances. I am one of those who believe there should be certain standards of dress and deportment required in the public service of Canada and I should like the minister to tell the committee whether there are any standards in this respect at the present time. I ask, not for my own information, but for the information of the public in general, the employees, and in some instances the supervisors who are responsible for the various branches of the public service.

Mr. Baldwin: Also whether they affect the security and safety of the country.

Mr. Benson: There are certain requirements in the public service with regard to those who wear uniforms in the public service, and I believe there are certain standards with respect to the general appearance of those employed. But these are presently administered by departments. I was about to say somewhat facetiously that our standards with regard to miniskirts are pretty high.

But of course this is a serious matter. People in the public service may be expected to report at their work dressed as properly as people in other walks of life in Canada. I do not think the standards in the public service need to be any higher or lower than that. As I say, these questions are at present handled by the departments. For example I received a note from my deputy minister the other day asking whether it would be all right for our customs inspectors to grow beards in areas where beards are being grown as part of the centennial celebrations. I replied that since others in the area were growing beards there seemed no harm in our inspectors growing them as well.

The purpose of these two paragraphs in the bill is really to take important matters affecting personnel administration having to do with standards of discipline and move them into the jurisdiction of Treasury Board, where we could get some sort of standard established throughout the civil service.

In addition I would point out that any standards which are set under the collective bargaining procedure might at the ultimate include standards with respect to hair length and skirt length and would be subject to the normal grievance procedures; if someone disagreed with a decision which was made by the Treasury Board when giving instructions to departments, he or she would be able to go through the normal grievance procedure and the matter would ultimately be determined by adjudication under the terms of Bill C-170.

Mr. Herridge: I thank the minister for his reply, but in fairness to the public and to the employees could the minister provide us with copies of the standards established in the various departments by the deputy ministers or departmental heads?

Mr. Benson: I can undertake to try to do this. I do not know how far these standards are written out in the various departments. One of the purposes of this legislation is to make sure that in future we have something in writing and administered by the various departments.

Clause agreed to.

Clauses 4 and 5 agreed to.

On clause 6—*Payments urgently required.*

Mr. Bell (Carleton): As I indicated when we were discussing a previous clause, I have reservations with respect to clause 6 which I wish now to express. This clause deals with Governor Generals' warrants. It repeals a former section and re-enacts it substituting the President of the Treasury Board for the Minister of Finance.

Now I was brought up in the old school which believed that Governor Generals' warrants were evil in themselves and basically inconsistent with responsible government. I therefore intend to oppose the re-enactment of this provision. In my opinion it is an affront to parliament and to responsible government for any prime minister to seek dissolution of parliament without having secured from parliament financial provision for at least the election period.

The persistent use of Governor Generals' warrants in the past few years is a denial of the basic function of the House of Commons. Four times in 25 years parliament has been totally by-passed and ignored and the national administration financed over long periods through this undemocratic technique. In 1940 Mr. Mackenzie King persuaded Lord Tweedsmuir, improperly, in my view, to dissolve parliament at a time when no provision had been made for the public service until a new parliament might meet. As a result, there had to be massive resort to Governor Generals' warrants.

This precedent was followed in 1958 when Mr. Massey granted the right hon. gentleman from Prince Albert a dissolution without consideration of the financial provisions still to be made, and resort was had to Governor Generals' warrants not only for that fiscal year but for the ensuing year. From that date things have gone from bad to worse. When the former government was defeated in this house in February 1963, no effort was made, despite some urging by ministers, to come back to the house the following day and ask for financial provision to tide the administration over until the new parliament could meet. So essential Canadian needs were financed by that government, and by the government which was elected on April 8, 1963, through Governor Generals' warrants, and this was done for many months.

Then, deliberately, in September, 1965, the present Prime Minister induced General Vanier to grant a dissolution without the House of Commons having made any financial provision whatever for the election period. Once again resort was had to Governor Generals' warrants for a period of several months. Four times for extended periods on each occasion this house has been by-passed and ignored and I think this intolerable denial of the basic authority of the House of Commons is something which should be stopped.

I believe this provision ought not to be re-enacted and that the correct procedure before the dissolution of parliament at any time is for the government to come to the House of Commons and secure supply for the period that is likely to elapse before the next parliament meets. Until this is done, parliament ought not to be dissolved. I believe, as I say, that a Governor Generals' warrant is evil per se and on that ground I intend to oppose the re-enactment of this clause.

• (9:30 p.m.)

Mr. Baldwin: Mr. Chairman, I can do nothing less than support as strongly as possible the very valid position taken by the hon. member for Carleton. During the time I had the honour to be chairman of the public accounts committee, and subsequently sitting as a member of the committee, this matter engaged our attention year after year after year. I think there can be no better way of bringing this matter to the attention of the committee and demonstrating the seriousness of the situation than by referring to paragraph 48 of the report of the Auditor General for the fiscal year ended March 31, 1966, which has just been delivered to me. This special problem is dealt with under paragraph 48, at page 17. The Auditor General refers to the dissolution of parliament on September 8, 1965, and says:

> The dissolution of parliament on September 8, 1965 before full supply for the year 1965-66 had been granted, necessitated recourse to Governor General's special warrants to provide the funds for carrying on government services until the new parliament was assembled on January 18, 1966. A total of $920,591,867 was provided by five special warrants as follows:

The Auditor General goes on to say:

> When the 1965-66 special warrants were being prepared the departments were instructed by the Treasury Board that each vote and class of payments required special consideration in the light of section 28 of the Financial Administration Act.

That is of course, the act which is being repealed and re-enacted by clause 6 of this bill. This passage in the Auditor General's report continues:

> The Treasury Board also advised the departments to review and take into account the particular audit comments contained in the Auditor General's reports for 1962-63 and 1963-64.

Then the report says:

> In the audit office view these guide lines were not always followed in the preparation of the special warrants and a number of the items provided for did not meet the test of being "urgently required for the public good" as required by section 28 of the act.
>
> Furthermore, payments under the special warrants continued to be made after parliament assembled on January 18, 1966 until Appropriation Act No. 1, 1966 was assented to on February 8, 1966.

This is a serious problem which of course the permanent officers of the crown have to face when their political masters, for reasons best known to themselves, decide to call elections from time to time. This is something for which all political parties must accept some degree of responsibility. When you look at the original section 28 of the Financial Administration Act, the section that will be replaced by this clause, you find this wording:

> Where an accident happens to any public work or building when parliament is not in session and an expenditure for the repair or renewal thereof is urgently required, or where any other matter arises when parliament is not in session—

Mr. Benson: On a point of order, Mr. Chairman, that is not the section that is being replaced now. The section that is being replaced now is the one that was enacted on September 6, 1958.

Mr. Baldwin: I recognize that this section was changed, Mr. Chairman, by reason of another amendment. I am trying to get at the history of the legislation. It is quite obvious, starting on this basis and working forward, that it was intended that when some special or urgent circumstance arose requiring expenditure to be made when parliament was not in session, recourse could be had to this particular section.

I remember that when I was practising law years ago, as a solicitor for some municipalities in Alberta there was a question of whether relief or welfare payments were the responsibility of one municipality or another. The test then was that if it was a case of sudden and urgent necessity, the municipality in which the person resided was liable for these payments. I remember that there were cases of women being delivered of children who tried to suggest that this was a case of sudden and urgent necessity, and we could always argue logically that this had nothing to do with a sudden and urgent necessity because there had been a preparatory period of nine months.

For a government deliberately, two and a half years before its time has come—I have in mind a little different time here—to seek an election and go to the people, and then say there is a payment that is urgently required to be made, I submit is absolute nonsense. We have argued this question in the public accounts committee time after time and this is an opportunity to bring the matter before this committee. If the government is defeated there might be some circumstances in which a payment has to be made urgently, but even then, as the hon. member for Carleton has pointed out, there are ways and means of getting around the difficulty. But when a government deliberately chooses to seek an election knowing it can have recourse to this legislation, and the sum of $920 million is involved, it is a further example of the erosion of parliamentary control of finance. It is all very well to say that under the terms of the legislation the estimates are brought back to the house. Of course they are, but the money has been spent and we cannot undo what has been done.

Over the last two or three elections billions of dollars have been spent by way of Governor General's warrants and this parliament has had nothing at all to do with those expenditures except after the act, in approving the amounts. I suggest that the original intention of the section was to provide for emergency payments of a particular kind, but when a government deliberately seeks an election they should only do so on the basis that they have provided the funds necessary to carry on the essential services of government during that period.

Quite obviously it is going to take a great deal more than a simple amendment to resolve this question. This is a matter which governments will have to consider in the light of parliamentary responsibility. A government has a certain responsibility which sometimes it can only exercise when it sees fit to ask His Excellency for dissolution of parliament, but I suggest they should not do so until they have taken the proper precaution of making available the funds necessary for the carrying on of the essential services of government. I intend to vote against this clause in the hope that it may initiate further discussion of this problem.

There is one other matter that I want to bring to the minister's attention. I have not a copy of the last amendment, but perhaps the minister can answer this question. Will section 28 of the Financial Administration Act contain a provision similar to that contained in subsection (4) of the act, which provides

that where there has been an adjournment *sine die* for more than two weeks, it shall be presumed that parliament is not in session?

Mr. Benson: Yes, Mr. Chairman. The only changes from clause 6 on in this bill amending the Financial Administration Act are the substitution of "President of the Treasury Board" for "the Minister of Finance".

Mr. Baldwin: So we will still be in the position that if parliament should be adjourned *sine die* to a period of one day more than two weeks, the government is free to ask His Excellency for Governor General's warrants?

Mr. Benson: That is correct, Mr. Chairman.

Mr. Baldwin: Then, Mr. Chairman, I propose to vote against this clause.

The Deputy Chairman: Shall clause 6 carry?

Some hon. Members: On division.

Clause agreed to.

Clause 7 to 17 inclusive ageed to.

On clause 18—*Coming into force.*

Mr. Bell (Carleton): Mr. Chairman, on clause 18 may I ask the minister whether it is his intention to have this legislation proclaimed immediately, or in any event before February 28, so that as companion legislation to the collective bargaining legislation it will come into force at that time?

• (9:40 p.m.)

Mr. Benson: Yes, Mr. Chairman; it is our intention to proclaim this legislation as soon as it is passed through the other place.

Clause agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Rinfret): When shall the said bill be read the third time? By leave now?

Some hon. Members: Agreed.

Mr. Benson moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

IMMIGRATION

PROVISION FOR ESTABLISHMENT OF APPEAL BOARD

Hon. G. J. McIlraith (for the Minister of Manpower and Immigration) moved the second reading of Bill No. C-220, to make provision for appeals to an Immigration Appeal Board in respect of certain matters relating to immigration.

Mr. Bell (Carleton): Mr. Speaker, is the parliamentary secretary to the minister going to make a statement at this time?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, in making these comments this evening I am speaking on behalf of the Minister of Manpower and Immigration who unavoidably could not be here tonight. This matter came up suddenly. When it came to our attention that this matter might come up this evening, the minister at that time was on his way to another engagement. Therefore it is impossible for him to be here.

All of us who come to this house do so, I am sure, with the purpose of doing our best to ensure that the laws of our land treat people with equality and consistency. We find, however, that this objective, so simple and so important in principle, is far from easy to realize in all cases in practice. Perhaps I am especially conscious of this, because in no other area is equality and consistency so hard to achieve as it is in immigration matters. I believe, however, that in this bill we are for the first time providing a basis on which success in our high objective will be possible not only in theory but in practice.

No immigration law can be both enforceable and fair unless it provides a considerable area of discretion in its operation. The law establishes general rules as to who may come to Canada and who may stay in Canada. The rules necessarily are general. They cannot precisely accommodate all the variety of individual circumstances. They must be capable of being tempered in their application, according to the merits of individual cases. There will sometimes be humanitarian or compassionate reasons for admitting people who, under the general rules, are inadmissible.

This is the responsibility of the minister and his department, in administering the law. It is an onerous responsibility. We cannot expect to discharge it perfectly. Even if our actual mistakes are few, there are bound to

be people who feel aggrieved by some of our decisions. To me it is self-evident that this calls for some system of appeals. The minister should not have the final say in cases where the individual has claim to rights in Canada or as a Canadian.

I do not mean that the person overseas, who wants to come to Canada but whose qualifications are not accepted as adequate, should have a right of appeal. To be admitted to a country not one's own is a privilege, not a right. But once a person is in Canada, he should not be deported without a right of appeal. And Canadian citizens, I believe, should be regarded as having a right to bring members of their immediate family to Canada. Like other rights, it is not absolute. But if it is denied in a particular case, the citizen should be able to take his case to an independent body.

Mr. Speaker, an Immigration Appeal Board does now exist. It provides for appeals against some deportation orders but not against all. Moreover, the present board has authority only to allow or dismiss an appeal on matters of law; and furthermore its decisions are, under the Immigration Act, subject to review by the minister. The minister can confirm or quash its decisions or substitute his own. Worst of all, the board cannot make any decision on the non-legal merits of a case. It cannot bring humanitarian or compassionate considerations into play. It may recommend to the minister that the minister do so, but the decision again is up to the minister. The board has no final say.

In these circumstances, the effectiveness of the existing board is extremely limited. The public is aware of the board's limitations. Everyone knows that its decisions may be reversed by the minister or by officials acting on the minister's behalf. Thus the board has no independent status. It is regarded as merely an arm of the immigration division which appears, in effect, to decide the outcome of appeals against the actions of its own officers. This casts doubt on the application of other aspects of immigration law, policy, and procedure. It invites the application of pressure to the minister and the department. Indeed it is through such representations, rather than through the appeal board, that efforts to obtain the redress of alleged grievances are chiefly made.

The purpose of this bill therefore is to establish public confidence in the appeal process and to remove a serious cause of dissatisfaction and criticism. An effective appeal procedure will greatly reduce the discretionary powers of the minister and his officials. The action that may be taken administratively, following a decision by the board, will be restricted and clearly defined by the bill. In effect the board will be able to bring the humanitarian and other non-legal aspects of a particular case fully into consideration. On that basis, it will be able to make final decisions that are as fair and impartial as possible.

The main provisions of the bill empower the governor in council to appoint seven persons as members of the Immigration Appeal Board. It will be a court of record and function accordingly. Its proceedings will be public unless the appellant wishes otherwise. The members will hold office during good behaviour until they reach the age of 70 years. The Chairman and at least two other members will be barristers or advocates. With these and other provisions we hope to ensure that the board commends the respect appropriate to its new function.

• (9:50 p.m.)

The board will be authorized to deal conclusively with all appeals against deportation orders. The one proviso is that provided a deportation order is found to have been legally made, it must be carried out where in criminal or security cases the board is provided with proper certification from the Solicitor-General and the Minister of Manpower and Immigration to say that the national interest requires execution of the deportation orders. The one proviso is that provided a one that we expect to use frequently.

The discretionary authority of the board is defined according to two types of deportation cases. Where a legal resident of Canada has been ordered deported and has appealed, the Board can decide what is fair and reasonable in all the circumstances of the case. On humanitarian or other grounds it can set aside a deportation order, however legally valid.

It would not be reasonable to exercise such wide discretion in the case of people who have been ordered deported because they came to Canada claiming to be non-immigrants or who entered surreptitiously without any status, or indeed who are simply seeking admission without having complied with immigration procedures.

In these cases the board, having decided the lawfulness of the deportation order, will have authority either to enforce the order or to authorize entry or landing, but this discretionary power will be exercised only when

exceptional circumstances, in the board's view, make it reasonable to grant a special privilege to stay in Canada.

I wish particularly to draw the attention of hon. members to another important aspect of the bill. For the first time sponsorship is recognized in effect as a legal right of the Canadian citizen. The board will have authority to make a final decision on appeals from Canadian citizens who think that the department has been wrong to refuse the admission of relatives whom they wish to sponsor.

This is a new concept in Canadian immigration legislation. But the idea is not new. Sponsors, ethnic organizations and parliamentarians have for years been seeking an objective form of review of departmental decisions in sponsored cases. The minister is very happy to attempt to provide it.

The practical difficulties, however, are considerable. I am sure that they can be overcome, but it will take a little time and experience. I do not think in the meantime it would be wise to risk swamping the board with sponsorship work.

For this reason the bill proposes to leave it to be determined from time to time in the regulations exactly what classes of sponsorable relatives may be the subject of appeals by Canadians citizens. The government's intention would be to provide initially that these classes will be all those dependent relatives who, if the white paper proposals are implemented, will in future be sponsorable by immigrants before they become citizens. We will subsequently reconsider the scope of appeals in the light of experience.

Apart from these basic provisions you will observe, Mr. Speaker, many other ways in which this bill is able to assure the individual not only that justice will be done but that it will be seen to be done, and to be done with humanity and compassion. You will wish to note particularly, Mr. Speaker, that the board will render written reasons for its decision to allow or dismiss appeals. Its decisions, in so far as they concern law, become precedents; and the appellant and the department will both be entitled to appeal the decisions of the board on questions of law to the Supreme Court of Canada with leave of that court.

I should emphasize that every person ordered deported will have access to the board; the case is within the jurisdiction of the board whenever the individual claims that the weight of evidence does not justify his deportation. The existing provisions of the Immigration Act excluding certain persons from the right of appeal will be abolished. The individual will be on the same footing as the minister who may appeal to the board against a decision of a special inquiry officer not to order deportation.

I should mention another special point. Under the Immigration Act only a special inquiry officer may authorize release of a person detained during deportation proceedings. This is in connection with the matter that the hon. member for Bow River (Mr. Woolliams) raised the other day. It is proposed in this bill that in future people who are detained pending disposition of their appeals may apply to the board against a decision of a special inquiry officer to refuse to grant conditional release.

Mr. Speaker, this bill is one of the four routes by which we are seeking to improve immigration policy and procedures. We have begun to make changes in administrative procedures and we will be carrying these further in the light of discussion on the white paper.

In the light of that discussion also the minister hopes to make the changes in the immigration regulations that will remove all discrimination and provide a proper balance in the national interest between manpower needs and the claims of sponsorship. Fourth, as the final and basic stage, the minister hopes to introduce a full-scale revision of the Immigration Act.

Of all these steps, however, the one represented by this bill is the most urgent, because it is the one necessary to assure that the proper concepts of the rights of the individual are applied to our immigration procedures. It is a change not in technicalities, though these are important, but above all in the essential spirit of our whole approach to the problems. As such, it is the most urgent of all the reforms, and as such I hope that it may have the consideration and approval of hon. members.

Mr. Fairweather: I should like to ask the parliamentary secretary a question. Will reasons with regard to security under clause 21 be given?

Mr. Munro: Mr. Speaker, I believe that it would be best if questions on clauses of the bill could be asked during the clause by clause study, after second reading of the bill.

Proceedings on Adjournment Motion

Mr. Fairweather: I understand the hon. member cannot give an answer to my question at this time.

Hon. R. A. Bell (Carleton): Mr. Speaker, the parliamentary secretary had no reason to apologize for the absence of the minister. Indeed I am glad that he had the courage to proceed with second reading of this legislation, for I believe that ministers should entrust the presentation of legislation more frequently to the second string, the men and the hon. lady in the third row who are coming along. I am glad that by reason of the minister's absence the hon. gentleman had this opportunity tonight.

This bill represents a significant chance in our immigration procedure and administration. Quite probably it is overdue.

I remember very well when years ago the hon. member for Bonavista-Twillingate (Mr. Pickersgill) now Minister of Transport, said that there was probably more paper work in the then Department of Citizenship and Immigration than in any other department of government. He spoke from knowledge gained as Clerk of the Privy Council and as cabinet minister, and I think that what he said is probably still true today. This legislation may well prove to be a relief to successive ministers of manpower and immigration.

Mr. Speaker, may I call it ten o'clock? I will continue my remarks when this bill is next before the house.

BUSINESS OF THE HOUSE

Mr. Winkler: Mr. Speaker, may I ask the house leader what will be our business for tomorrow?

Mr. McIlraith: Tomorrow we propose to submit for the consideration of the house the following items on today's order paper: Items 83, 100, 116, 126, 127, 132, 130 and 131.

Mr. Winkler: Mr. Speaker, may I suggest that perhaps the house leader is a little presumptuous.

Mr. McIlraith: No, Mr. Speaker, just optimistic.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[Mr. Munro.]

AIR CANADA—SUGGESTED INCREASED USE OF WINNIPEG MAINTENANCE BASE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Monday, February 13, as recorded in *Hansard* at page 12946, I put this question to the Minister of Transport:

> In view of reports that the Air Canada base at Dorval is not now adequate for its maintenance and overhaul work and that its facilities will have to be expanded, could the minister remind Air Canada of the fact that its base at Winnipeg could handle both the Viscounts and the DC-9 aircraft?

The reply of the Minister of Transport was one short sentence, not particularly helpful. It was as follows:

> I have no doubt Air Canada will take note of the hon. gentleman's representations.

In view of that answer, I am sure the minister was not surprised when I posted this question for a few remarks on one of these late shows. It would be a gross understatement merely to say that the people of Winnipeg have been disappointed over the various steps that have been taken which have reduced the use of Air Canada's maintenance and overhaul facilities at Winnipeg. These steps have been taken over a number of years, despite the many delegations to Ottawa during two or three different governmental régimes and despite very thorough examination of the whole situation. I recognize, as do most of us in Winnipeg, that whether we like it or not the die has been pretty well cast and that for the most part Air Canada's maintenance and overhaul operations are destined to be performed at Dorval.

However, it has come as a bitter piece of news to workers at Winnipeg to learn that Air Canada is now planning an elaborate extension of its facilities at Dorval. It appears that this expansion is necessary in order to cope with the amount of work that is piling up. The reason that this pill is a bit bitter to the people of Winnipeg is that the Thompson report, which was the last full scale inquiry into this matter, based its approval of the removal of the maintenance and overhaul work from Winnipeg to Montreal on a number of considerations, one of which was that the facilities already established at Montreal were greatly under-utilized.

I have a copy of Mr. Thompson's report here, and I have been noting in particular references on pages 86, 96 and 106, in which Mr. Thompson sets out the various arguments. The commissioner stated, in effect, that in view of the fact the various facilities are under-utilized at Montreal, it would be a

waste of those facilities to try to do DC-9 work at Winnipeg or to plan on the indefinite use of the Winnipeg maintenance and overhaul base for any of the company's aircraft. Winnipeg, having been told that one of the reasons it had to see its work go to Montreal was that Montreal's facilities were huge and greatly under-utilized, now so soon after the Thompson report produced on March 3, 1966, less than a year ago, learns that the facilities at Montreal are not adequate and are having to be enlarged. This is a bit hard for the people of Winnipeg to take.

I realize that the Thompson report came down pretty squarely on the side of Air Canada's decision. I know that the Thompson report was sympathetic to Winnipeg and suggested, perhaps, that there were other ways in which the work to be made available at Winnipeg might be increased. Meantime not much of this other kind of activity is taking place and employees see the maintenance and overhaul work gradually being transferred to Montreal.

If Air Canada has now determined that it must enlarge its facilities at Dorval, Mr. Speaker, then this suggests that new factors have come into the picture. If new factors have come into the picture I would urge that Air Canada might again consider the greater utilization of its facilities at Winnipeg. To put it in the plainest, most simple language that I can, Mr. Speaker, if facilities are needed and they are not to be found in Montreal—in other words, if enlargement of facilities has to take place there—and there are facilities which are unused at Winnipeg, does not common sense suggest that the company might take another look at this whole situation? Frankly, why not make full use of the facilities at Winnipeg?

When I speak for the people of my city with respect to what has happened to the use of the base at Stevenson field I speak for a disappointed people. I hope that the Minister without Portfolio, who I gather will be speaking tonight on behalf of the Minister of Transport with respect to this question, will have something a little more encouraging to say than simply that he will send a copy of today's *Hansard* to the president of Air Canada.

Hon. John N. Turner (Member of the Administration): Mr. Speaker, I regret that that is exactly what I am going to say tonight. What the minister said in answer to this question last week was that he would draw it to Air Canada's attention, and he has done so. On the basis of the fuller argument the hon. member for Winnipeg North Centre has been able to make this evening, the company will be apprised in more generous terms of the scope of this question. The hon. member knows that I have personal reasons for having great sympathy for the people of Winnipeg and I can assure him that I will report back to the minister what he has said this evening.

FINANCE—SUGGESTED PROVISION OF "REAL DOLLAR" BONDS

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, the question I asked the Minister of Finance last week arose out of three different statements. One was made in an article in the *Globe and Mail* dealing with jobs and the inflation equation, quoting Professor H. C. Eastman of the University of Toronto. He based his comments on the report of the Economic Council of Canada, their Third Annual Review. According to the *Globe and Mail* he suggested that the council was remiss in not pressing the government harder to help low-income savers protect themselves against inflation. The article continues:

• (10:10 p.m.)

"An obvious step," he said, "would be to provide real dollar government bonds which individuals could buy, perhaps subject to a stated maximum, thus avoiding the loss of their investment through price increases." Private business, said Prof. Eastman, already has made progress in protecting employees against inflation through such devices as pension plans based on earnings in the final years of an employee's career. "Government should adopt a similar concern for the welfare of society at large by providing safe instruments any individual can use."

I have read Dr. Morton Shulman's book, "Anyone Can Make A Million", not because I wanted to make a million but because I had heard considerable comment about it. In it he says that the price of gold will be raised. He calls this step inevitable. Such a step would result in a more rapid devaluation of the dollar, and a devaluation of government bonds. He calls the process theft and says it is theft against which the individual has no recourse.

With that we have the remarks of Professor David W. Slater of Queen's University, Kingston, made before the committee investigating prices and consumer credit. He also talks about inflation being permanent and something with which we must learn to live.

In that connection may I read a letter I received from one of my constituents. The letter reads:

> At great sacrifice I bought an annuity when the dollar was worth a lot more than now. It is rather cold comfort to be told "Sorry, but you should have thought of the rise in the cost of living, and bought a bigger annuity." Even with foresight a higher annuity would have been impossible. There must be thousands of Canadians in the same position. Could not the interest rate be hitched to the cost of living.

It has been hoped that one of the things to be done for the problem is to institute a prices review board to force prices down somehow. I expect the proponents of that solution have found cold comfort these last few weeks in the hearings of the consumer credit committee. Repeated witnesses have said to that committee that that is not an effective step. Professor Slater says:

> "And to say you can control prices by law or supervision is kidding yourself. You have got to go to the fundamentals. A price review board is not going to do much."

We in Social Credit over and over again in this house have expressed concern about monetary policy and the value of the dollar. Last week we were twitted indirectly by the Minister of Finance when commenting on some proposals of the N.D.P. He suggested that anything put forward by Social Credit was somehow inconceivable. Well there is a very serious problem with the monetary policies being followed by this government. The effects of those policies are shown by the writer of the letter. They affect thousands of Canadians. Those policies do not yet take into account the necessity of living with inflation.

I should like to hear the reply of the minister through the parliamentary secretary about the suggestion that the government issue real dollar bonds that would not lose their value. Perhaps the government could make other suggestions to solve this problem. I should be happy to hear them.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, in the absence of the Minister of Finance, the Minister of National Revenue is acting. In the absence of the parliamentary secretary to the Minister of Finance, the parliamentary secretary to the Minister of National Revenue has been asked to answer.

For the record the question that was asked is the following:

> In view of the continuing rise in prices could the hon. minister say whether the government is considering what Professor H. C. Eastman of the University of Toronto, when speaking recently called an "obvious step" of providing "real dollar" government bonds which individuals could buy, thus avoiding the loss of their investments through price increases?

The answer to this, I suggest, is that the proposal for so-called "real dollar" government bonds to which the hon. member refers is not a new idea. It reflects the widespread and not unnatural desire of investors to be protected against all possible eventualities, including rising prices.

One of the prime objectives of government policy is the achievement and maintenance of reasonable stability of prices. This government is confident that, with the support of parliament and the public, we can follow policies which will achieve this goal.

Motion agreed to and the house adjourned at 10.19 p.m.

HOUSE OF COMMONS

Tuesday, February 21, 1967

The house met at 2.30 p.m.

PRIVILEGE

MR. FAIRWEATHER—DISPOSITION OF CHEQUE RECEIVED FROM C.B.C.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I rise on a question of privilege which affects my position here and also my integrity. Today's issue of the Toronto *Globe and Mail* recites that I, among others, endorsed a cheque I received from the Canadian Broadcasting Corporation.

I did receive a cheque from the Canadian Broadcasting Corporation, Mr. Speaker, and I would not want to take the time of this house to tell the house how hard I tried to get rid of that cheque. I was told by a producer of the program that I should sign what was called a cast sheet because union regulations required every participant in a program to sign one. As a Progressive Conservative, of course, how could I possibly cross a picket line, so to speak, and fail to obey the union's directive in this regard? Therefore I signed the cast sheet.

I was assured, Mr. Speaker, that no cheque would be sent. A cheque was sent. I telephoned the producer in Toronto, who said that there was a memo on this subject which would be reactivated. I said that I was endorsing the cheque to the Canadian University Service Overseas, that I would neither put the cheque into income nor use the receipt as a deduction for income tax purposes. I also wrote to the financial office of the Canadian Broadcasting Corporation telling them this, also saying that it was both illegal and unethical for me to accept a cheque. I thought this manner of dealing with the matter would show the corporation and anybody else that no personal impropriety on my part was involved.

• (2:40 p.m.)

UNITED NATIONS

RHODESIA—TABLING OF REGULATIONS UNDER SANCTIONS RESOLUTION

Hon. Paul Martin (Secretary of State for External Affairs): I wish to table copies in English and French of regulations made today as part of Canada's compliance with the mandatory security council resolution on Rhodesia of December 16, 1966.

Mr. Speaker: Has the hon. member leave to table these documents?

Some hon. Members: Agreed.

AGRICULTURE

SUGAR BEETS—ANNOUNCEMENT OF SUPPORT PRICE

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I wish to announce that the government has authorized the agricultural stabilization board to support the price of sugar beets for the 1967 crop by a deficiency payment program at a national support level of $15.50 per standard ton.

The over-all program will include an added stabilizing feature designed to standardize returns in Ontario, which in the past have been adversely affected by low world prices for sugar.

Mr. H. W. Danforth (Kent (Ont.)): Mr. Speaker, we are glad to hear the government announce the increased payment for sugar beets. Certainly the $15.50, the figure quoted by the government is more in keeping with the expenses of the industry today than the $14.35 which prevailed up to this time. This increase will give the industry in Ontario a chance to contract for the necessary acreage for this year.

This is just a temporary measure. In no way does it settle the vital problems facing this industry today. The sooner the government enters into an international agreement on sugar to enable producers to obtain enough from the sale of their sugar beets, removing the need for constant subsidies, the more stable will be the sugar industry not only in Ontario but in the other affected provinces of this country.

Mr. Howard Johnston (Okanagan-Revelstoke): I should like to comment briefly on the announcement regarding the stabilization price for sugar beets. We welcome it. I also reiterate the desirability of having a Canadian sugar policy that would make this type of continuing stopgap arrangement unnecessary.

Inquiries of the Ministry

SHIPPING

HALIFAX—REQUEST FOR INVESTIGATION INTO SHIPWRECK

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I wish to direct a question to the Minister of Transport of which I have given his office notice. Will the minister arrange an inquiry immediately into the tragic loss of life by shipwreck on the Sisters' shoal outside Halifax harbour this morning? Would he ask his officials for a departmental review at once of the navigational aids covering the approaches of Halifax harbour, to decide whether more buoy markings are needed immediately, bearing in mind that this is the second marine accident there in less than nine months?

Hon. J. W. Pickersgill (Minister of Transport): I am sure we all heard with great distress the news on the radio this morning that this ship was in trouble, and I am sorry to have to report to the house that this is a very serious disaster indeed.

The investigation has already begun and every aspect of the matter, including the question of aids to navigation will be looked into. I am sure the hon. gentleman will not expect me, with the paucity of accurate information I have at the moment, to go beyond what I have just said, but I know I will be expressing the view of everyone in the house when I say how deeply we regret this loss and how sympathetic we all feel toward the relatives of those who have lost their lives.

LABOUR CONDITIONS

MCKINNON INDUSTRIES—TAB PAYMENTS FOR WORKERS LAID OFF

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I direct a question to the Minister of Labour following the question I asked him yesterday, which he took as notice. It has to do with the 900 employees who have been permanently laid off by McKinnon Industries at St. Catharines and who have been unable to secure their transitional assistance benefits. I want to ask the minister whether any arrangements have been made by which local 199 of the United Automobile Workers can have access to the adjustment assistance board, and whether they will be able to get information respecting those who have been certified and those who have not been certified.

[Mr. Johnston.]

Hon. J. R. Nicholson (Minister of Labour): Following the questions which were asked on this subject yesterday I had my deputy minister or his officials communicate with the transitional assistance benefit board. My information is that the union is not asking for additional certification in numbers but is suggesting that persons actually affected within the numbers authorized are different from those named by the board. We have been in touch with Mr. Burt, the spokesman for the automotive workers, and the matter was to be brought to the attention of the adjustment assistance board this afternoon. I can make no further statement until I have heard what took place at today's meeting of the board.

Mr. Douglas: May I ask whether the board has agreed to meet the representatives of these employees who belong to local 199 of the U.A.W. and who have asked for a meeting to discuss this matter and find out why the TAB payments have not been made?

Mr. Nicholson: I can ask that question and will be glad to pass on the information to the hon. gentleman. I would assume that the chairman or some other representative of the board would be willing to hear representations, but I will be glad to verify this or otherwise.

PUBLIC SERVICE

RECOMMENDATIONS OF GLASSCO COMMISSION REPORT NOT IMPLEMENTED

On the orders of the day:

Mr. Raymond Langlois (Mégantic): I have a question for the Prime Minister in connection with the report of the Auditor General. Is it the intention of the government before the end of the present session to look into the 151 findings, action on which the Auditor General has stated is long overdue, and which were contained in the 1963 Glassco report? Does the government intend to look into these findings and make recommendations before the end of this session?

Right Hon. L. B. Pearson (Prime Minister): All these recommendations have been examined, and I think there will be an opportunity in the appropriate committee of the house to explain the position with regard to those which have not yet been implemented.

Mr. A. D. Hales (Wellington South): May I ask whether this recent report will be referred to the committee on public accounts as soon as possible?

Mr. Pearson: That is where it invariably goes, Mr. Speaker.

CANADA LAW REPORTS

DIFFERENCE IN COST TO LAWYERS AND GENERAL PUBLIC

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a supplementary question to the Minister of Industry following the question asked by the hon. member for Wellington South. It is based on the New Democratic policy of non-discrimination.

Some hon. Members: Order.

Mr. Herridge: Can the minister inform the house why the Canada Law Reports are sold to members of the legal profession, who have one of the highest income rates per capita in Canada, at an annual rate of $5 while members of the general public are required to pay $15 for the same reports?

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

CANADIAN BROADCASTING CORPORATION

DISTRIBUTION OF COLOUR TELEVISION SETS TO STAFF MEMBERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): In the absence of the Secretary of State I would ask the Prime Minister to ascertain from the president of the Canadian Broadcasting Corporation whether an answer to the question is to be given regarding colour television sets and the individuals who became the beneficiaries of the action of the C.B.C. in acquiring them. The information was denied in the reply placed before the house the other day by the Secretary of State. Will he communicate with the president and ask him whether that information will be forthcoming?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, of course an answer has already been given. However, I will be glad to advise the president of the corporation that it is the feeling of the right hon. gentleman that the answer is quite unsatisfactory. As a matter of fact the Secretary of State has been in touch with him on this matter, and perhaps she will be able to reply in greater detail tomorrow.

LABOUR RELATIONS

RAILWAY DISPUTE—EFFORTS TO AVOID COMPULSORY ARBITRATION

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is directed

to the Minister of Labour. Can he tell the house whether his department has initiated talks with various labour union leaders in an effort to forestall compulsory arbitration of the outstanding matters in the rail dispute, and if so what progress can be reported?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, at my request the president, who is also the secretary treasurer, and the vice president of division 4 of the railway workers, the craft workers, came to Ottawa yesterday. I spent the better part of an hour with them. They have returned for further discussions with the officers of their particular division, and I am waiting to hear further from them.

TRADE

REQUEST FOR STATEMENT ON RESULTS OF NEGOTIATIONS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce and ask him when the government expects to advise the country regarding the tariff reductions on manufactured goods entering Canada which will come into effect as a result of the Kennedy round of negotiations which are now nearing completion.

Hon. Robert Winters (Minister of Trade and Commerce): The Kennedy round of negotiations should be completed by mid-year. Any concessions that Canada may win will be announced at the same time as any concessions that we might have to give in exchange for concessions from other countries.

GRAIN

REQUEST FOR INCREASE IN PRICE UNDER INTERNATIONAL WHEAT AGREEMENT

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce with reference to the international wheat agreement, negotiations for which will take place in Switzerland this year. Since there is great need for an increase in the price of wheat under that agreement, which directly affects our price, would the minister be prepared to ask for an increase of at least 40 cents per bushel in the high and low prices, which will correspond very closely with the price for which the farmers and

farm organizations have asked under the international wheat agreement?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I think it is true that international market conditions justify a substantially increased minimum price under any new international wheat agreement. However, the hon. member knows that there are buyers and sellers at the bargaining table, and any agreement reached will have to be on the basis of a price range that is acceptable to both sides.

SPORTS

ABIGAIL HOFFMAN—WORLD RECORD IN WOMEN'S 880 YARD RACE

On the orders of the day:

Mr. A. J. P. Cameron (High Park): Mr. Speaker, my question is directed to the right hon. Prime Minister. Is he aware of the fact that Miss Abigail Hoffman, an honours student in economics and science at the University of Toronto, won the 880 yard women's race at the Achilles meet at Vancouver on February 18 and established a world record time of 2 minutes 8.4 seconds?

Some hon. Members: Hear, hear.

VETERANS AFFAIRS

SELECTION OF REPRESENTATIVES FOR COMMEMORATION OF VIMY RIDGE

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I wish to address my question to the Minister of Veterans Affairs as a result of correspondence which I have received since the public announcement that 70 to 75 Vimy veterans will travel there at government expense for remembrance ceremonies on April 9. Can the minister advise the house how this group will be chosen? Will there be representatives from each province and each unit, and will all ranks be represented?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, the delegation will be composed of representatives of each of the units that participated in the battle of Vimy Ridge. The selection of the persons going to France and of the persons attending the ceremonies in Ottawa will be made by the commanding officers of the units now in existence with the aim of continuing the tradition of the units which fought at Vimy Ridge. The commanding officer in each case will select the actual representatives to travel to Vimy Ridge in France or to come to Ottawa to take part in the commemoration services here.

Mr. J. N. Ormiston (Melville): Mr. Speaker, I have a supplementary question. Will the persons who will be representing the different units be notified before the specified time?

Mr. Teillet: A letter has gone out to all the units concerned. It is our hope that we will have the information before the end of this month so we can complete our arrangements.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I should like to ask a supplementary question. I am sure the minister knows that many of the units which took part in the battle of Vimy Ridge have since been disbanded. How will representatives of those units be selected?

Mr. Teillet: My understanding is that those units which have been disbanded do have a continuance in other units now in existence in the country. Every effort is being made to make sure that representatives of all units are included in the official delegation.

UNITED NATIONS

EFFECT OF RECENT OIL AGREEMENT ON SANCTIONS AGAINST RHODESIA

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he could inform the house concerning the possible effect of the recent oil agreement among a French company, South Africa and Iran on the mandatory sanctions against Rhodesia established by the security council of the United Nations.

Hon. Paul Martin (Secretary of State for External Affairs): My hon. friend's question undoubtedly has been provoked by the statement made last night on television by a commentator. For some days we have been examining this problem. The secretary general will be making a report to the security council by March 1, when I expect there will be some comment regarding this question. I too will perhaps be in a position to say something about that time.

Mr. Lewis: Since Canada now is a member of the security council, could the minister say whether any reports have been made to him concerning the immediate effect of these sanctions or is he awaiting the report on March 1?

Mr. Martin (Essex East): The right hon. gentleman the Leader of the Opposition asked me this question I think on Thursday or Friday. I replied that while it was possible to make an assessment of the effectiveness of commonwealth sanctions, I was not in a position to make an assessment of the results of United Nations sanctions. That report will be made by the secretary general when he reports to the security council on the first of the month.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): The minister stated that he would not be able to report on the general situation, but on the basis of the documents the minister filed today, can he report on the success of Canada's embargo? Could he tell us what the trade between Canada and Rhodesia was during the past year and what it is today?

Mr. Martin (Essex East): Before the embargo was placed on exports and imports the total trade was roughly in the neighbourhood of $5 million annually. Since the embargo has been in effect the trade is negligible; it is non-existent except for supplies for humanitarian purposes which must be in very small amounts. With regard to the regulations I tabled today, these are in pursuance of the security council resolution of December 15. After an examination of the steps we had taken under the voluntary security council resolution of the year before last, it was felt that to comply with the new mandatory selective sanctions resolution we would have to provide for the application of the selective mandatory sanctions to Canadian operations outside of Canada.

An examination of the regulations tabled today will show that we have now complied fully with the terms of the security council resolution of December 16, 1966, which is mandatory.

Mr. Diefenbaker: A supplementary question, Mr. Speaker. There was the initial embargo placed by Canada, then the further one pursuant to order and direction of the security council in December. Has there been any further reduction in the exports from Canada or imports from Rhodesia in consequence of the security council order of December last over what the situation was on a non-selective basis prior thereto?

Mr. Martin (Essex East): Yes, I believe there has been, but I cannot give the exact dollar amounts. I will be glad to try to give them later.

LABOUR RELATIONS

NEGOTIATION OF CONTRACTS BETWEEN DOMINION COAL AND UNITED MINE WORKERS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. I would ask the minister whether the government will authorize the negotiation of a contract for the miners in Nova Scotia whose contract expired in August, 1966.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, DOSCO has announced its willingness to sell the coal mines to the Canadian government, the Canadian government has announced its willingness to buy them, but no agreement has yet been reached between the two parties. In the meantime it is impossible for the Canadian government to intervene in labour negotiations between the company and the employees.

Mr. MacInnis (Cape Breton South): Mr. Speaker, I would ask the minister a supplementary question. Since the government has announced the take-over of the mines—this buying and selling is something new—under a crown company, how are the men going to negotiate their working conditions unless somebody takes authority to establish a contract?

Mr. Pepin: Mr. Speaker, I am informed that negotiations between DOSCO and the employee members of the United Mine Workers union are going on now, and I have reason to believe that they will come to a happy conclusion.

Mr. MacInnis (Cape Breton South): A further supplementary question. Am I to understand from the minister's answer that DOSCO had the authorization of the federal government to negotiate such a contract?

Mr. Pepin: I just said I was informed that the two parties were negotiating.

Mr. MacInnis (Cape Breton South): I hate to belabour the point, Mr. Speaker, but I would ask the minister to clarify his statement. If the minister has been informed that

DOSCO and the union are negotiating a contract, under what authority can they be so doing?

Mr. Pepin: Under the authority that exists when one party is the employer and the other the employees.

Some hon. Members: Hear, hear.

[*Later:*]

Mr. MacInnis (Cape Breton South): I have a question for the Prime Minister concerning the proposed crown corporation. Is it the intention of the government to let the present management continue in that capacity?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am afraid I am not in a position to answer that particular, detailed question.

Mr. MacInnis (Cape Breton South): May I ask a supplementary question, since the government is not in a position to answer that one. Does the government not think the miners of Cape Breton and Nova Scotia are entitled to a contract negotiated in good faith, and that authorization for such a contract should be given?

Mr. Pearson: Yes, Mr. Speaker, they certainly are.

TRANSPORT

BRITISH COLUMBIA—STEPS TO SETTLE WHARFAGE DISPUTE

On the orders of the day:

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Transport. Can the minister advise the house what steps he is taking to settle the current wharfage rate dispute on the west coast?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the other day I asked a senior officer of my department, not in the marine services, to undertake an investigation and make recommendations about this very vexed and difficult problem. I have here a copy of the letter I addressed to him, and if I could have the permission of the house I would be glad to table it.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

[Mr. MacInnis (Cape Breton South).]

CANADIAN NATIONAL RAILWAYS

SAINT JOHN, N.B.—POSSIBLE CLOSING OF TELECOMMUNICATIONS OFFICE

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport of which I have given him notice. Has the minister any information about the plans to merge or close out the individual C.N. and C.P. telecommunications offices throughout the country, in particular the C.N. office in Saint John which will affect 20 to 30 employees?

Hon. J. W. Pickersgill (Minister of Transport): I am sorry, Mr. Speaker, but I did not receive the hon. gentleman's notice. I will have to take his question as notice now.

EXTERNAL AFFAIRS

DISARMAMENT—INQUIRY AS TO RECONVENING OF GENEVA CONFERENCE

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Secretary of State for External Affairs. I understand that the 18-nation disarmament conference is reconvening at Geneva and that the President of the United States has urged all the nations concerned to move quickly toward a treaty for the non-proliferation of nuclear weapons. Is Canada taking any steps or initiative in this regard?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as the hon. gentleman has said, this morning the disarmament committee opened its proceedings in Geneva. Yes, Canada has been actively engaged in consultations with certain countries, with the expectation that there will be tabled during the disarmanent committee meetings a draft proposal for the non-proliferation of nuclear weapons. I believe I can say that the discussions which have taken place between the Soviet union and the United States, the major nuclear powers, have progressed to the point where there is every reason to believe that agreement may be expected between those two nations.

While there are some problems with regard to certain phases of the agreement, particularly with regard to safeguards, I believe that progress in this whole area should be anticipated. Certainly Canada has been very much engaged in the discussions.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. As an indication of Canada's interest in the non-proliferation of nuclear weapons, is the government making any progress in negotiating Canada out of the agreement for the maintenance of Bomarc missiles on Canadian soil?

Mr. Martin (Essex East): That question is, of course, not related to the question of an agreement on the non-proliferation of nuclear weapons.

Mr. Knowles: It is a good question, though.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Veterans Affairs. Has the minister anything further to report to the house with respect to Mr. Justice Woods' report on the administration of the Canadian Pension Commission?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I wish to thank the hon. gentleman for asking that question, because it permits me to apologize to the house for misinforming the members of the house some few weeks ago when I answered a similar question and indicated that the report was completed but there was a delay in the matter of printing. The error occurred in relaying this information to me. Of course I take responsibility for perpetuating the error, but there was no intention on the part of anyone to mislead the house, and I apologize for passing on that misinformation. Yesterday I communicated directly with Mr. Justice Woods in his office in Regina, and he informs me that it will be May before the report can be completed.

OLD AGE SECURITY

INCOME SUPPLEMENT—DISTRIBUTION OF EXPLANATORY BOOKLET

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Can the minister assure us that every recipient of old age security will receive a copy of the explanatory booklet on the guaranteed income supplement?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Yes, Mr. Speaker.

Mr. Chatterton: A supplementary question, Mr. Speaker. In that case, can the minister tell us why it was necessary to spend $380,000 to advertise this measure?

Some hon. Members: Hear, hear.

Mr. MacEachen: Mr. Speaker, my hon. friend realizes that repetition is an important part of education.

Some hon. Members: Oh, oh.

Mr. Knowles: Especially when you have a weak case.

INCOME TAX

REPORTED EVASION OF CORPORATION TAX BY NATURAL GAS INDUSTRY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Minister of National Revenue. I would ask the minister whether his attention has been drawn to an article headed "United States Oil Colonists Outwit Walter Gordon", written by one James Gray, wherein it is indicated that the $250 million natural gas industry is able to juggle its books, in effect, so that it escapes the payment of corporate taxes. If the minister's attention has been drawn to this matter, has he any comment to make on the action his department has taken?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I have not read the article, but I will read it. I would like to assure the hon. member that not many people in Canada avoid paying income tax that is due to the crown, and as long as I am Minister of National Revenue I undertake to try to collect all the revenue that is due to the crown under the legislation enacted by this house.

Mr. Howard: A supplementary question, Mr. Speaker. I wonder whether the minister would mind inquiring in detail into the allegations contained in the article if I send it over to him, because it points out that there are certain arrangements between companies which exist in the United States and have subsidiaries in Canada, and that this book juggling that takes place is on an international scale.

Mr. Benson: I would be very interested in reading the article. I can assure the hon. member that I will not only look into it, but if there is any illegal book juggling we will certainly take action in this regard.

Establishment of Immigration Appeal Board

[*Translation*]

AGRICULTURE

MILK—REQUEST FOR INCREASE IN SUBSIDY

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to ask a question of the Minister of Agriculture. Has he received any representations from Canadian dairy farmers requesting that the direct grant on manufacturing milk be raised to $1.40 a hundredweight, which would guarantee a price of $5.00 per hundredweight of milk with a 3.5 per cent butterfat content, and has he given an affirmative answer to such request?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the federal dairy policy will be announced before April 1.

[*English*]

IMMIGRATION

PROVISION FOR ESTABLISHMENT OF APPEAL BOARD

The house resumed, from Monday, February 20, consideration of the motion of Mr. Marchand for the second reading of Bill No. C-220, to make provision for appeals to an immigration appeal board in respect of certain matters relating to immigration.

Hon. R. A. Bell (Carleton): Mr. Speaker, when the house rose last evening I had just commented upon the significance of the changes in immigration procedure and administration represented by this bill. That drastic changes are needed, I have no doubt. In no department of government is a minister subjected to so much paper work or called upon to exercise so many discretions or subjected to so many pressures—pressures from members of parliament, from candidates, from ethnic groups, from religious and philanthropic organizations and just about everyone conceivable. The very volume of paper work, the incredible amount of time a minister of immigration must spend examining individual files in order to exercise wisely the discretions vested in him, actually deprives him of an adequate amount of working time for the consideration of policy, major issues and promotional activities which are the real prerogative and responsibility of the minister.

Indeed, I believe it is arguable that the system which has been built up compels the minister and the deputy minister to spend so much of their time contemplating the trees that they are unable to see the policy forest, and therein lies much of the difficulty the department has experienced. My hope is that this measure will succeed in relieving the minister and the deputy minister of much of the tedium of labouring over great mountains of individual files, and will enable them to devote their thought and attention to policy matters and to the greatly needed expansion of immigration into Canada.

I believe, as I have said in this house many times, that our whole immigration policy needs to be much bolder; that there needs to be much more original thinking than is represented in the white paper. If Canada is to achieve her potential in this century a much more aggressive, a much more dynamic immigration policy is essential, something which goes much beyond the feeble and halting steps of the white paper.

Personally I believe the present minister has the imagination to conceive and execute such a policy if he were given the leisure and opportunity. However, he has been loaded with the additional responsibility of acting as Quebec leader of his party. The result inevitably will be that he simply will not have the time to attend to his immigration knitting. I do not believe the immigration portfolio can be a part time occupation.

Now, sir, last night the parliamentary secretary painted a rather glowing picture of the potential benefit of the proposed immigration appeal board. We can hope his expectations will be realized. The existing immigration appeal board is without real status or authority. Its terms of reference are so restricted that it is little more than a respectable front for the department, if indeed it is that. It can deal only with questions of law, and it is safe to say that with the sweeping powers vested in the department errors of law inevitably are rare.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member and I apologize for doing so, but the conversations going on make it practically impossible for the Chair to hear what the hon. member is saying.

Mr. Bell (Carleton): As I have said, sir, I believe it is safe to say that with the sweeping powers vested in the department errors of law inevitably are rare. The existing board has no discretionary authority. The moment the board finds the department has acted within the law it has no alternative but to dismiss the appeal. I know this is a frustrating experience for members of the board, particularly since the members of the board

are conscientious and dedicated public servants. My principal contacts have been with the distinguished chairman, Colonel J. C. A. Campbell, Q.C., a first class public servant; and the vice chairman, Mr. E. B. Tim Reid, an equally sincere and capable public servant. They have struggled, in my view, against great odds on the existing board.

The proposed new board, of course, will be a very different body. It arises, I suppose, directly out of the report of Mr. Joseph Sedgwick, Q.C., one of the most distinguished and sophisticated counsel in Canada. It is but one of the many recommendations of the Sedgwick report, though perhaps the most important and most palatable.

There are some obscurities in the bill as drafted, Mr. Speaker which I believe need to be clarified before it finally passes. It is nowhere clear whether what is intended is an appeal from a special inquiry officer under ordinary appellate rules or a genuine hearing *de novo*. It is true that the board is given power to summons and hear witnesses, which appears to indicate a hearing *de novo*, but the operative provisions in the bill on the other hand, seem to contemplate an appeal on the record. An appeal on the record, in my view, would be obviously unsatisfactory because very often the prospective deportee has almost no preparation and probably very little advice at the time of the inquiry before the special inquiry officer. I think the nature of the intended appeal procedures will need to be explored in some detail when we are in committee of the whole.

I believe it was Mr. Sedgwick who pointed out the importance of building up a body of jurisprudence in the field of immigration practice. Today it is an impenetrable maze in which only departmental officers can venture with confidence. I am not suggesting that precedents be on any rigid, inflexible basis, or indeed that the board establish the principle of *stare decisis*. However, I do believe the board should give reasons which should be published and from time to time would be annotated so that principles could be readily ascertained by appellants. Building upon these precedents a flexible body of immigration jurisprudence would be achieved.

If this is to be done it is obvious that the quality of board membership is of the greatest significance. The board cannot achieve its objective and be a real success unless the men and women who compose it are persons of flexible mind, devoid of the rigidity of departmental administration, persons of compassionate and humanitarian instincts.

• (3:20 p.m.)

The role of successive ministers of immigration has been to bring fair and impartial administration to the department, coupled with—and I emphasize the words "coupled with"—a warm, sympathetic, compassionate understanding of the basic human problems which are involved in all immigration cases. It would be a sad day, sir, if we were to take away ministerial discretion and landed up with a rigid, legalistic, dispassionate approach on the part of the board.

From that statement, Mr. Speaker, arises what I think is the basic issue that I have had to settle in my own mind relating to this bill. Ought the board's decisions to be final, or ought there to be a residuum of discretionary authority left with the minister after the board has decided? Mr. Sedgwick reported very strongly that the board's decisions should be final, and he gave four reasons to which I should like to refer. I quote from page 8 of the report on immigration, part II, by Joseph Sedgwick, Q.C.:

> In recommending that the board's decisions be final I do so for these reasons:
>
> 1. To make appeals to the board subject to review and final determination by the minister is to render the board essentially sterile. If the board's decision is unfavourable, recourse to the minister is almost automatic in a great proportion of cases and the board is reduced to a mere stepping stone between the special inquiry officer and the minister.
>
> 2. This would relieve the minister of a great deal of pressure of an undesirable nature. My inquiries satisfy me that the pressures brought to bear have often dictated the disposition of cases.
>
> 3. Ministerial duties and commitments are onerous and such that it is impossible for the minister to give careful consideration to a multitude of individual cases.
>
> 4. I would expect that an independent board exercising discretion along the lines indicated above would soon, on the basis of precedent, evolve intelligible and reasonable guide lines which would be made known to members of the legal profession and others particularly interested in immigration matters as well as to the public generally.

These, sir, are very cogently and intelligently expressed reasons, yet I am not fully convinced. While Mr. Sedgwick was doing the research for his report I argued this issue with him in detail, as did the Minister of Transport (Mr. Pickersgill), I believe, based upon his experience as minister of citizenship and immigration and as, I believe, did other former ministers of that department.

I understood that the Minister of Transport took a very strong position in favour of the finality of decisions. On the other hand I argued for a limited, carefully guarded

residuum of ultimate ministerial discretion. My fear was, and still is, that finality of decision in the board may lead to a more rigid, inflexible administration. To put it simply, I say that I have never seen any board, commission or civil servant, however senior, who is prepared to stick its or his neck out as far as a politician frequently must and will do.

I know there are many persons in Canada today, sir, making good citizens who were admitted by me in the exercise of ministerial discretion, or I should say ministerial instinct, and who I doubt very much would ever have gained admission from any board, however enlightened and superior that board might have been. It is a simple fact of life that politicians must learn to take chances, chances which others in less rigorous occupations do not take.

Without question, sir, the majority opinion is against me; that is to say, the majority opinion of those who have served in this field and who are expert. I press the matter no further. My purpose in raising the issue is really to state a warning and an admonition to the new board that it must import into its consideration of appeals a warmth of human understanding, a compassionate and humanitarian approach, a readiness to take chances, attributes which are not usual, if I may say so, among public tribunals.

Now, sir, a very genuine advance in this bill is the provision for appeals by sponsors. But I am somewhat concerned by the safeguards with which they are hedged in. The authority given to the governor in council to make regulations limiting the classes of relatives in respect of whom appeals may be made is really a power to render the legislation nugatory. I do not suggest for a moment that the minister has any such intention, but I do submit that the house ought to have a clear undertaking from the government as to what are its intentions in this respect. For example, to what classes of relatives is it the intention to limit the appeal; how far does the government propose to go; how limiting will the regulations be? I say to the minister in this particular aspect the government must not give with one hand and take away with the other.

There is an interesting constitutional problem raised by the bill, Mr. Speaker. Departmental decisions on admission to Canada are taken in the name of the minister and may well be taken by the minister personally. Under this legislation, then, there is an appeal to an independent tribunal from an exercise of judgment by a minister of the crown. To many this is constitutional heresy, although the same situation now applies to appeals to the tax appeal board from decisions on fact or law or on mixed fact and law taken by the Minister of National Revenue. I think there may be others in the chamber who may wish to comment on this interesting, indeed novel, constitutional development.

I return, sir, to the principal point I wish to make this afternoon. I venture to repeat myself by saying that the board must bring warm hearted, human understanding to the cold print of immigration laws. Humanitarian and moral considerations are basic, and they must have respect rather than lip service.

Canadian life has been greatly enriched and our culture expanded and advanced by the diverse peoples who have entered Canada both before and since world war II. Each day each of us is reminded of how these new arrivals, filled with enthusiasm, energy and the will to succeed, have enriched our culture and expanded our Canadian tradition in fields such as science, the arts, education, yes and even politics. We need, in my submission to this house, many, many more immigrants from abroad. We on this side intend to press consistently and regularly for a greatly expanded immigration flow and a much more aggressive immigration policy.

Mr. David Lewis (York South): Mr. Speaker, as the parliamentary secretary to the minister said last night, it is obvious that the problems affecting immigration are often very difficult. I suppose they are difficult because of three factors. The first is the need for immigration in Canada. I think we are all agreed, as the hon. member for Carleton (Mr. Bell) has just emphasized, that our country can expand more effectively by the admission of appropriate immigrants in as large numbers as the economy of the country can accept.

Second, in order to make sure that admission to Canada follows some kind of objective test we must, of course, have rules to govern such admissions.

• (3:30 p.m.)

Third, there must be human compassion. For the officers of the department each case necessarily is a number, not because the officers are heartless—they are not. In my many dealings with them I have been much impressed with their decency and compassion. But they deal with thousands of applications every week and it necessarily follows that

they are less concerned personally with each application than any member of the house would be who has been asked to assist in particular instance.

The requirement to apply human compassion to the merits of each case often conflicts with the equally important requirement of following objective rules and standards which cannot easily be violated or avoided. The bill is inadequate in dealing with the human factor. I want to make clear that I am not criticizing the minister and his department for the sake of criticizing them; nor do I get pleasure from criticizing. I do not for one moment question the minister's sincerity of approach in bringing this legislation before us. But I wish to say that in several important respects the legislation just does not achieve what the parliamentary secretary last night said it does and what I hope the minister wants it to achieve. Perhaps when we are in committee the minister may accept suggestions for amendments so that the objectives may be realized effectively.

I say, as everyone else has said and will say, that in the past the minister has had the discretion to act in human situations, in compassionate humanitarian appeals. They may go all the way from some very unhappy person who has been left alone somewhere to some young person who has arrived here under one set of circumstances and wants to stay under another set of circumstances.

From my limited experience in these matters and from the greater experience of many people with whom I have had discussions, it is evident that the application of the act and the regulations has followed a meaningless and almost humiliating course. For example, the regulations required that before a person could be admitted as an immigrant he must have a visa. If a person came to Canada without one—he might have applied in another country for a visa—and applied for immigrant status, he went through the silly exercise of a special inquiry. An officer would ask, "Have you a visa", knowing perfectly well that the applicant did not have a visa because that officer or some other officer, had refused it. The man went throught the silly exercise of being asked whether he had a visa and, when he said he did not have one, of being told, "In that case you cannot stay."

After that followed the equally silly exercise of going to the old appeal board. The old appeal board would look at the situation and say: "You do not meet the requirements because you have no visa. Our department refused to give you one, therefore out you go." This was what happened in most instances. If security matters were involved you did not really know that this was so. You could only guess that the refusal was for security reasons, because you were not given any reasons at all. Every time the department refused to give reasons one could assume that security was involved. I have always suspected that even the minister did not know what those security reasons were. Possibly all that he and his officers had on file—and I hope the minister will correct me if I am wrong. —would be a note from the Royal Canadian Mounted Police, or the relevant section of that force, saying, "Mr. A is a security risk." I doubt that whether the minister himself would find out what the evidence was behind this note from on high.

One argued, of course, until one was blue in the face. I have not acted in any of these matters as a lawyer, only as a person who knew some people in the immigration department before I was a member, and since. When you tried to help someone, when you inquired into the matter and delved into things, you faced a blank wall. You had no information. You did not know what the evidence was. You did not know the source of the allegations and you argued as if you were punching a pillow. Occasionally, by producing all sorts of affidavits and evidence showing the man was not guilty, you were able to prove his innocence. I have had that kind of experience dozens of times.

The important question in this legislation is: Has the appeal board under this legislation the authority to act compassionately, to use its discretion, to consider the particular circumstances affecting the human being before them, appealing through a sponsor, say, or with respect to a deportation order? Despite what the parliamentary secretary said last night, under clause 17, if my memory serves me correctly, the board is not given such discretion in appeals by sponsors. The board is not given the right to consider the human values and elements involved in a case. The parliamentary secretary said last night that this time the board would be able to consider the human elements. I say to the minister that if that was intended this bill does not realize that intention.

On second reading I cannot deal with the precise words of clauses, but I say to the minister and to the parliamentary secretary that clause 17 of the bill gives the appeal board authority to decide whether a sponsor

and the applicant he sponsors meet the regulations under the Immigration Act with respect to an application. That is exactly as it was before. If the appeal board faces a situation where the sponsor and the prospective immigrant he seeks to sponsor to Canada have not met one of the regulations, it has no alternative but to reject the appeal. This becomes clear if the minister will look at clause 15 and then at clause 17. If he looks at the clause dealing with deportation orders he will see that the appeal board has specific authority to consider special circumstances where a person might suffer injury in the country whence he came should he be deported. No such authority is given to the appeal board where there is an appeal by a sponsor with respect to a prospective immigrant he is sponsoring.

This part of the bill, and all matters surrounding it, ought to be substantially changed when we go into committee. I may be wrong, and I should like to be corrected if I am wrong, but in my opinion the appeal board has no authority to deal with, as the parliamentary secretary last night called them, humanitarian or compassionate considerations. Under this bill the appeal board has no more authority to consider the humanitarian aspects than the old board had. I say that because of the particular language in the bill.

This, it seems to me, could not have been an accident. I believe that those advising the minister still think that in applications for entry into Canada, as distinct from deportation orders, the rules and regulations must be strictly complied with without regard to the humanitarian considerations to which the parliamentary secretary referred last night.

• (3:40 p.m.)

This is my first objection. If the parliamentary secretary was right when he said—hon. members will find this in the left hand column on page 13268 of *Hansard* of yesterday—that one of the distinctions the minister seeks to bring about is the one I have been discussing, if he is right in saying that the old appeal board had no authority to apply humanitarian or compassionate considerations and it is now desired that this board of appeal should have the right to apply such considerations, then all I can assert is that the legislation does not in fact carry out that intention. What has happened, I believe, is that somebody persuaded the minister to reduce the authority of the appeal board in relation to a sponsored immigrant to the point at which it may deal only with legalistic considerations, not with the merits of the case on human grounds at all.

My second objection in principle to this bill—I am still dealing with sponsored immigrants—is the unnecessary limitation as to appeals which is carried into this legislation. What is the purpose of this limitation? The parliamentary secretary suggested last night, if I remember correctly, that unless some limitation were imposed the appeal would be swamped with sponsored cases. Those were not his words but I think I have given an accurate paraphrase of his meaning. If that is the case, I say: so what? We are asked to approve a full-time board of seven men, if I understand the bill correctly. All of them do not have to sit at the same time. Obviously the intention is that they should sit in panels. In fact, the bill provides that one member of the board may deal with certain cases. Thus there is no reason to assume that the work load will be such that the board will be unable to cope with it. Nevertheless, the minister saw fit to include in clause 15 words which will enable the governor in council—mind, I do not say this will necessarily be done—to reduce the numbers of sponsors or classes of sponsors who may appeal under this law.

Why should this be the case? Why not make the right of appeal automatically available to all sponsors in all classes? Why give power to the governor in council to issue regulations prescribing which of such classes of relatives referred to in those regulations may be the subject of appeal under this legislation? I am not persuaded that the possibility of the board being swamped by appeals justifies our taking this power to say to some sponsors that they cannot exercise the right of appeal because their relationship to the applicant is of a certain kind.

My third objection is that there is no right of appeal at all for persons who are not sponsored and who are living in Canada. I appreciate fully that it would be impossible from an administrative point of view, and probably undesirable, to attempt to extend the right of appeal to an unsponsored immigrant in Italy or France who had made application and whose application had been refused. But as the minister well knows, there are thousands of cases in which people arrive in Canada as tourists or jump a ship or enter in some other way. Later they apply for immigrant status and their applications are refused. I cannot understand why they should not have the same right of appeal as is given to others.

It may be suggested that in such cases they would, in accordance with the normal procedure, be asked to leave the country voluntarily by a certain date that if they declined to do so an inquiry would be held and a deportation order issued and when the deportation order was issued they would have the right to appeal under clause 17. But why leave it until that point? If I have stated the position correctly I can well understand that these people will eventually have the right of appeal from the deportation order. But why should it be necessary to reach that point? There will be some cases when it is reached, but why put people to the anxiety, the delay and the pain involved in waiting through the period until they are confronted by an order which they must obey or else forfeit their right to come to Canada again either as a visitor or in any other capacity? Is it not perfectly just, reasonable and sensible to give a person who resides in Canada and whose application for immigrant status has been refused, the right of appeal in the same way as it is given to a sponsor in the case of a sponsored immigrant?

Another point which worries me and my colleagues a great deal is the question of the grounds for appeal. The parliamentary secretary to the minister said last night, as reported on page 13269:

> You will wish to note particularly, Mr. Speaker, that the Board will render written reasons for its decision to allow or dismiss appeals.

I do not see any such requirement in the bill and I think it is of the utmost importance that there should be such a requirement. If I am told, as has been suggested by someone, that the fact that there is a right of appeal from the board to the Supreme Court of Canada means that the board will have to give written reasons for its decisions, I suggest there is no such requirement in the law. In the case of administrative tribunals, whether quasi-judicial or not, it is well established that they are perfectly free to issue what the courts have called "silent orders" rather than "speaking orders", and when a man goes into court faced with a silent order he is in an awful fix because he does not know what he is appealing against or appealing from. There is no requirement for written reasons.

I will take the house one step back in the process, Mr. Speaker. Before the appeal board is even reached, where is there a requirement that the person who is refused admission to Canada or who is faced with an order of deportation has to be given the particulars upon which the deportation order was issued or the particulars upon which the decision to refuse admission was reached? There is no such requirement in the law and I see no reason why there should be any change in the practice simply because there is to be a different appeal board. In the past no such reasons were given beyond the cryptic expression: You do not meet the requirements of the act or regulations. That is the umbrella which is thrown at the person concerned and it is an umbrella which is full of holes. It does not protect him at all. I foresee that exactly the same thing will happen again.

• (3:50 p.m.)

My third objection to this bill, then, is that it does not provide statutorily the elementary justice to which everyone is entitled, the right to a bill of particulars as to the reasons for refusal of admission or the issue of a deportation order. I chose my words carefully. I did not say that a person should have the evidence against him or the sources of the information made available to him. I am not concerned about that at this point because this is not a criminal proceeding. What I said was that under the statute we should have the right to require and to obtain the particulars of the grounds on which the action was taken so that a person can be told in general terms that he does not meet certain particular requirements of our law or that he suffers from certain particular disabilities, and that is why an order for deportation has been issued or his application has been refused. Unless this information is available to him the appeal will prove to be a sham, which I am confident the minister and the government do not intend it to be. Unless this person has the particulars he cannot prepare a proper case for the appeal board, and unless the board is given the right to exercise some discretion and to apply humanitarian considerations the appeal by a sponsor will be a snare and a delusion, which I hope the minister did not intend it to be.

In such a case the board would simply be going through the exercise of discovering whether or not the legal requirements were met, and of course they would not have been met or the case would never have reached the board. The board would be going through the exercise of discovering whether or not the officers of the department applied the regulations in every case and not what are the humanitarian considerations. I am quite certain that the officers follow the purely routine

technicalities involved in immigration matters and they do this meticulously, with great rigidity and sometimes, in my experience, with too much satisfaction and glee. An appeal is not worth anything if all that an appeal board can do is to deal with the legal requirements without taking into account all the facts concerning the person involved and the humanitarian and compassionate considerations that must be the basis of any law, as they are of most of our laws which deal with the state and condition of human beings.

My major objection to this bill, however, is directed to a provision which carries forward in the new law an idea which is vicious, basically undemocratic in every sense of the word, and destroys much of the good which the minister intended to achieve through this legislation. I say this with words which are not chosen with ease. I am referring to the clause which says that notwitstanding everything else in this act the board simply cannot proceed when it is faced with an alleged security case. The board will receive a statement signed by the Minister of Manpower and Immigration (Mr. Marchand) and by the Solicitor General (Mr. Pennell) stating that on the basis of security or criminal intelligence reports received and considered by them it will be contrary to the national interest to admit such a person or not to deport him, and that will be all. The statement cannot be questioned and they are not required to produce the particulars on which their conclusion is based. They simply file a statement with the board that in their opinion a man is a national risk for security reasons or on the basis of some criminal record which they say is in their possession. The certificate which they file is conclusive proof of the matter and no further evidence is required—"no nothin' ".

Please forgive me, Mr. Speaker for such illiterate language, but I wonder what kind of a charade we are playing? If this bill means what it says, then what nonsense is this? If the minister and the Solicitor General make the final decision in any case, then why do they not make it in their offices instead of producing a certificate before the board and putting the person to the expense of obtaining legal assistance in order to put his case before the board, only to be faced with a certificate which tells him nothing except that he is undesirable? If that is the minister's intention, why does he not issue the certificate from his office? This would be evil enough, but to play the charade of bringing such a certificate before the board seems to me to compound the evil.

[Mr. Lewis.]

Why do we do this? I find that every time something is said about security reasons every one of us, myself included, stands up, beats his breast and speaks about the welfare and security of Canada, while rights, freedoms and civil liberties go out the window. I remind the house that in the middle of the last war large numbers of people were arrested under the defence of Canada regulations. Later, as a result of agitation throughout the country, internment tribunals were established and despite the fact that we were at war the regulations which established those internment tribunals gave them the right to demand and obtain from the relevant minister particulars of the charges against a person. They had the right under the legislation to obtain those particulars concerning the person affected. Thousands of internees were able to come before a tribunal with a piece of paper which told them what they were accused of. By definition they were all security risks or they would not have been interned in the first place. Some ministerial authority had already decided that they were security risks and that is why they were interned. We gave them the right to know the nature of the charges against them despite the fact that we were in the middle of the war. They were not given the sources of those charges, the names of the people who made the allegations or the details of the inquiry or investigation that had been made, but they were acquainted with the nature of the charges so they could meet them.

I challenge anyone in the house to tell me how our tremendous and admirable national war effort suffered because we gave people the rights to which they should normally be entitled. Was any part of that war effort eroded or affected in any way by the fact that we gave internees the elementary rights to which I referred? This was done by a government of the same party which is now in power. If we had the courage and vision to act like a civilized society with regard to those whom we interned in the middle of a war, governed as they were by the defence of Canada regulations which took away all normal processes of law as had to be done in time of war, can we not do it now for people who attempt to come to Canada in time of peace? The number of people affected is likely to be very small indeed in comparison with the number of people who were interned during the war, and the dangers to our country's security and our country's future are minimal in peacetime.

• (4:00 p.m.)

Why should there not be this kind of provision in the legislation? I respectfully submit that the minister would do a great service to this country if he included the provision to which I have just referred. Someone in the department could easily find for him the orders in council which dealt with the internment tribunals during the war. If we had something in this bill so that when a person was accused of having a criminal record or of being a security risk he could make his appeal knowing that he would be provided with particulars of the allegation against him, then I think we would meet the requirements of justice. Otherwise the same kind of thing which has happened heretofore will continue to happen.

I have on my desk a letter from the department about someone who asked me to assist him. The letter simply says that they are making inquiries, that some of the reports they have are confidential and that they cannot really tell me why this particular application was refused in a foreign country which I shall not name. They advise that they are making further inquiries to see whether a mistake may have been made. I do not know what allegations are made against these people. Their relatives and sponsors in Canada do not know. They and I are in the dark. I am not at all sure that the minister's officer is not in the dark concerning the precise nature of the allegation against these people who made application to come to Canada. I see no excuse in peacetime for having this kind of a provision in an immigration appeal board bill such as the one now before us.

Those are my major objections to this legislation. It imports into this process an entirely undemocratic and arbitrary procedure which is unjust to the people concerned and totally unnecessary for the security of Canada. If anyone can prove to the members of my party that this kind of thing is necessary for security and, if the officers of the department will forgive me for putting it so bluntly, is not just something which some bureaucrat thinks would affect the security of the country but is based on nobler facts and reasons, then we might be persuaded to accept the principle involved in this bill. But we cannot see any such reasoning. We cannot see that Canada will not be just as protected against security risks if the person concerned is given an opportunity to meet the case against him.

I am not saying that such a person should be admitted. I am not saying that he should not eventually be deported as a consequence of the decision of the appeal board. I am not suggesting that the doors of Canada be opened to security risks. Not at all. All I am saying is that when you provide a procedure for appeal it either ought to be meaningful, democratic, fair and just or it should not be there. If there is to be a ministerial ukase in any event, then let the minister make it in his office. I do not like the pretence of an appeal which in fact is no appeal at all but is merely a process by which two ministers file a certificate with the board, which certificate says to the board that this is what they shall do. You cannot see it, you do not know what is in it, and you do not know why the thing has been done to you. If it were decided there should be no appeal I would disagree, but at least I would respect the forthrightness of that position. I must say frankly that I do not respect a pretension that there is an appeal when in fact there is none at all and when in fact the decision is made by the ministers on the advice of the police and some officer of the department.

In concluding my remarks I should like to say that I agree with the parliamentary secretary that the idea of the appeal board embodied in Bill C-220 is a great improvement over the appeal board which we had under the Immigration Act. I agree with him that the apparent objectives are excellent and I admire and support them. But I am beginning to feel more and more, as I grow older and study the art of political science and government, that all of us, ministers and members alike, are much more in the hands of our officers and the bureaucrats than we like to admit. I cannot help but feel time and time again that as members of parliament or as members of the government we set out with good and sincere intentions to achieve a desirable social result and then on the road the bureaucratic fear and distrust of human behaviour, the bureaucratic desire to bundle everything up in a nice, neat package, the bureaucratic urge to be certain that every "i" is dotted and every "t" is crossed, regardless of the human values which are involved, gets in the way of the governmental and parliamentary intention to have a piece of legislation which really expresses their objectives. You then have a piece of legislation which so fences in the objectives with legalistic and bureaucratic requirements as to leave very little of the sincere desires of those responsible for the original idea.

I say to the minister, with the respect which all of us have for him, that I am afraid this is what has happened in the case of this bill. A genuinely humanitarian objective has been truncated by the fears to which I have referred and the result is a bill which has not achieved its objectives but provides even greater difficulties for many of the people concerned than they had before.

The hon. member for Carleton (Mr. Bell) was absolutely right that when we hand these final powers to a board and set out with great meticulousness the limits of their authority we do not increase the chances that human considerations will play a part; we decrease them. Whatever minister we have had to deal with, whether the hon. member for Carleton when he was minister of immigration, Mrs. Fairclough who was minister of immigration during the preceding government, the hon. member for Matapédia-Matane (Mr. Tremblay), the present Minister of Transport (Mr. Pickersgill), the present Minister of Manpower and Immigration (Mr. Marchand), or the present Minister of Labour (Mr. Nicholson), my experience has been that when a matter reached them, whether they agreed with it or not one was certain that human factors were given weight. One cannot be certain that this will be the case under this legislation. The results under this legislation may be less desirable than they were when the minister had discretion in respect of the final decision in such matters.

I hope with all my heart, therefore, that when the bill comes before the committee of the whole some of the objections I have raised which I believe to be important and valid, if I may say so, will find a responsive ear on the part of the minister and that some attempt will be made by all of us to amend this legislation so that the desirable objectives we had in the first place will be fulfilled.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, we now are considering a bill which has to do with what I believe is one of the most important aspects of government administration, namely, immigration to Canada and the development of our national economy. I am sure too that many members of this house recognize the importance of a continuous stream of new immigrants. There are several reasons for this, one being the fact that we have an extremely large land area and a very limited population. It would seem to me that the only way we can hope to continue to develop our country and make it what it ought to be is by having an increasing

[Mr. Lewis.]

population to accept the challenges that exist and to work together to achieve the development that we all desire. On the other hand, I think we must recognize the fact that with an area such as ours and in view of the very crowded conditions in other parts of the world, we cannot expect to keep such a large land area confined to such a small population. Therefore it would seem to me that we must recognize our responsibility to open our doors to immigration and accept into our country those who desire to come here.

• (4:10 p.m.)

Of course, we must also realize the importance of some guiding principles in the acceptance of immigrants. I do not believe we can adopt a wide-open door policy. This would be a disservice not only to our country but to those who seek to enter Canada. But with the conditions that exist in Canada I feel that if government policies were established and implemented to facilitate the absorption into our economic and social life of those who desire to come here, there is no reason why we should not continue a very vigorous program of immigration.

We must acknowledge the fact that those who have come to our shores have made a tremendous contribution to our country in practically every area of life, in industry, agriculture, commerce and finance, as well as the contribution they have made in the sharing of their various cultures. On numbers of occasions in this house statistics have been placed on the record to indicate how Canada and the lives of Canadians have been enriched by these new Canadians. We know this situation will continue as we accept them into our country.

Suggestions have been made from time to time to the effect that our economy is being adversely affected by the entry of those from abroad. I do not believe this is so. In times past our immigration policies have been so restrictive that I do not think there has been any indication that the country has been adversely affected by their entry. Therefore I believe that a broadminded and widely implemented immigration policy will continue to admit an increasing number of people into Canada and will result in nothing but good for them and for us.

However, I believe there have been some contradictions or paradoxes in the various government policies in relation to immigration and their effect upon immigration as a whole. I should like first of all to refer to a statement made by Professor Eastman in his

critical analysis of the position taken by the Economic Council of Canada in its third annual review. As I have indicated, Professor Eastman was sharply critical of the council for encouraging governments to step up the immigration of skilled workers during times of shortages as a complement to domestic manpower and adjustment programs. He said:

> The consequence of that policy is to reduce the inducement that is offered to members of the labour force in Canada to enter an industry or to acquire a skill, since foreign substitutes are provided as the acquisition of that skill or status becomes relatively profitable. It also reduces the need for public investment in training for that particular skill and thus reduces or eliminates the opportunity that local labour has to obtain the skill in question or the higher relative income that it implies.
>
> This kind of immigration policy has been on a sufficiently large scale in Canada to have very much wider repercussions than merely meeting a shortage. Indeed, a good case could be made that it has markedly affected the opportunity and terms on which some young Canadians enter the labour force. Encouragement to this kind of opportunity-reducing immigration policy should not be given under the guise of meeting "bottlenecks" until much fuller study has been made.

I would also call attention to an article headed "Centennial Plan To Mobilize Thousands In Foreign Aid Programs" which appeared in today's *Globe and Mail*. The first paragraph reads:

> Two new centennial projects to mobilize thousands of Canadians in foreign aid programs are being planned.

I am not saying I object to the present policies of the government but the paradox is that, on the one hand, they encourage the entry into Canada of skilled workers and those in other categories—but I believe one of the qualifications is that they must be skilled or have reached a certain standard of preparedness in order that they may fit into the Canadian economy—while, on the other hand, Canadians are to be sent out of the country on foreign assignments, to assist other countries. This seems a rather paradoxical situation. I hope that the words of Professor Eastman will be noted and very serious consideration will be given to reconciling some of these problems and resolving them in the national interest and for the national good.

There is another aspect of immigration policy that should be subject to question. I refer to the situation in which agriculture finds itself at the present time. It seems almost impossible for those engaged in agriculture to obtain the workers they require to carry on the agricultural industry. I have special reference to periods of seasonal employment. We all know that in the last two or three years there has been real difficulty in securing the number of seasonal workers required to meet the needs of the agricultural industry. I know that the immigration department makes provision for some workers to be brought into the country, but then they turn around and ensure that they are sent back to the country from which they came. I believe that with a redirection of immigration policy it would be possible to bring into this country those who would fit into our agricultural economy and perhaps overcome the difficulty we are having with regard to seasonal employment.

I understand, of course, that the bill now before us has special reference to the establishment of an appeal board. The history of immigration in the past emphasizes the necessity for some type of body that will bring to bear upon immigration a degree of human warmth and understanding that perhaps has not been evident for some considerable time in the operations of the department.

In introducing this bill last night the parliamentary secretary to the Minister of Manpower and Immigration outlined in some detail the terms under which the appeal board will operate. There was an indication of the various fields in which the board will operate, the extent to which it can go in the handling of appeals and the type of appeals it can handle. I suggest there are additional fields that need consideration and study. I think of people who have made application for entry into Canada and there is such a long delay in processing their applications that they begin to wonder whether they will ever have the opportunity of coming to this country. There should be some way in which applications can be processed with a minimum delay in order that a decision can be reached so that those who are applying will know whether or not they are going to be able to make plans to change their residence and take up life in this land of opportunity and challenge.

• (4:20 p.m.)

Some reference has been made today to those who have applied for permission to enter Canada but have been denied entry and wonder why their applications have been denied. Some of these people must be placed in a very difficult position psychologically. They have made their applications but for some reason their applications have been rejected. They do not seem to be advised of the reasons they are not allowed to come to this country.

Questions immediately arise in their mind about what has been said of them or what the situation is. I believe it is imperative that those who have made applications and have been denied entry know exactly why and under what conditions their applications have been denied.

I am thinking as well of those who are desirous of coming to this country but who are in a country in which there are at the moment no facilities for processing their applications. One inquiry was made of me recently and I was advised that at the present time there are no facilities in that particular country for processing applications and there is no immediate prospect of any being established. These are some of the things which I believe ought to be considered when we are considering the administration of the department and overall immigration policy.

I believe the parliamentary secretary made reference to those who enter Canada illegally and then desire to stay in this country. This is certainly a field that requires attention. I understand, of course, that the appeal board will be able to handle such situations. I do not hold any brief, however, for those who for ulterior reasons gain entry into Canada and then seek to carry on illegal practices or illegal activities while they are in the country. Certainly these people should be deported to the country whence they came. Those who have entered Canada without knowledge of all the ramifications of the immigration law, who have perhaps come to this country seeking refuge from an intolerable situation in their own country, should receive the fullest consideration. I believe these are cases in which the warmth of human feeling and compassion ought to be evident. These people should be given every opportunity to prove themselves and to make their contribution to the development of our country.

These are the only general remarks I wish to make this afternoon. Once again let me say that this department is one of the most important departments of government. It is perhaps one the most difficult departments with which to deal because of the human element that is involved and the fact that individual cases and a variety of personalities are constantly being dealt with. It is a very difficult department, but no doubt when we have given attention to it we will finally arrive at a policy that will be adequate and fair and will be in the best interests of our nation and of those who would join us in building this country.

[Mr. Patterson.]

[*Translation*]

Hon. René Tremblay (Matapédia-Matane): Mr. Speaker, I was greatly pleased to see Bill No. C-220 coming back to the house for second reading.

When that bill was introduced, last July, I believe, I was away unfortunately and I was unable at that time to take part in the debate. I must say first of all that I am sincerely pleased to see the Minister of Manpower and Immigration (Mr. Marchand) submitting this bill to the house now for approval.

One knows that a white paper was prepared by the department of immigration on every aspect of the Immigration Act and that it is now under consideration by a joint committee of the Senate and the House of Commons. We are now awaiting its report to evaluate the amendments which will have to be made to the Immigration Act which has not been amended since 1953 and of which certain regulations have been amended from time to time by the successive ministers of immigration.

We can, therefore, expect that fundamental changes will be made in the Immigration Act after the publication of the white paper and the evidence given in committee. As drafted in 1953 that act met the particular needs of the time.

• (4:30 p.m.)

Since that time, major changes have occurred not only throughout the world, but in Canada also, and the method of dealing with the increasing number of immigrants to Canada is surely different from what it might have been in the past.

Before opening the debate on the Immigration Act in general, we have a special bill dealing with a particular aspect of immigration, namely the question of appeal in the field of immigration.

In order to understand clearly the reason for the present bill, it is perhaps necessary to review the history of this ministerial discretion which, in fact, the bill before us proposes to change substantially. This ministerial discretion is the very basis of the Immigration Act. There is not one section of the Immigration Act which does not show that the minister may, at his discretion, reverse decisions handed down previously at the administrative level. This went on for years and I was appointed minister of immigration at a time when this ministerial discretion, following various well-known events, was severely

criticized in this house and in newspapers throughout the country.

I became head of the department of immigration in February, 1964. It is no secret that I was to be placed in charge of the department of agriculture for eastern Canada and not at the head of the department of immigration. However, on February 4, 1964, I was sworn in as minister of immigration.

As was previously pointed out—I believe it was the hon. member for Carleton (Mr. Bell) who made the statement—being responsible for the department of immigration under the present legislation, is one of the most difficult tasks, mainly because of the considerable amount of work involved. The minister must investigate all appeals and decisions, with respect to immigration matters and, in view of the human nature of problems involved in the field of immigration, he cannot always discharge his responsibilities in what could be called a mechanical way.

I do not think any minister of immigration has ever dealt carelessly with immigration records, knowing that the life and future of individuals, children and friends could be completely changed in just overnight because of a decision handed down by the Minister of Immigration. Reviewing immigration records is, therefore, a difficult and delicate task, where all factors, which are often contradictory, have to be taken into consideration. We have to consider security conditions in our country, economic requirements, social, human and political circumstances involving human beings.

But I know that that task must be performed and it has been by all the ministers who have assumed that responsibility. However, as someone said before and as the Sedgwick report states, that takes so much of the time and efforts of a minister of immigation that, very often, he is unable to devote enough time to the consideration of general problems concerning immigration policies.

When I assumed my office, the department included the Indian affairs division which, as you know, embraces a great deal of problems that are as human and complex as immigration. I say this merely to point out that, at the time I became head of the department of immigration, I was aware of taking upon myself a heavy and extremely delicate task.

Mr. Speaker, I feel that certain explanations are in order to make clear why the problem of ministerial discretion was at one point referred to Mr. Sedgwick who later prepared a report which was used as the basis for the bill now before us.

The first problems I encountered as minister of immigration—I refer here to the public aspect of the problem, later on, when I speak of security, I shall deal with specific security problems—concerned ship deserters, which gave rise to many debates in this house.

At that time, it was mainly a matter of Greek deserters, several of whom had been brought before the courts, particularly in the Toronto area.

One remembers the campaign initiated then by the Toronto press. The way they dealt with this problem; the scandalized approach which the Toronto press mainly the *Telegram*, followed by the *Globe and Mail* and the Toronto *Star*, took to this problem of ship deserters who were rotting in jail, at the Toronto Don jail and whom the poor officers of the Department of Immigration in Toronto held in jail inhumanly. At that time, the Minister of Immigration was being held responsible for all the sins of Israel in regard to this problem of ship deserters.

In view of the opposition voiced in Toronto newspapers and in this house, the government decided, on my recommendation, in order to set matters straight, to appoint an investigating commissioner to look into all those cases brought up day after day on the orders of the day and to determine exactly if the good Toronto newspapers were justified in launching an attack against a Liberal government and a young minister who was just gaining his first experience in immigration.

The choice of Mr. Sedgwick was quite sensible and was commended by all parties in the house. He was an outstanding Conservative who had no reason to make things easy for the Liberal government, but he knew a great deal about immigration matters.

• (4:40 p.m.)

This was a man who had practised for many years and was still practising, and who was capable of judging facts objectively, without taking sides, and of giving a ruling based on the facts as represented.

I regret, Mr. Chairman, that the first part of the Sedgwick report which was tabled in the house on April 2, 1965, came in very late at a time when I was ill—my first illness, Mr. Chairman, not the second. I was in the hospital at that time, and the first Sedgwick report which I hold in my hand,

Establishment of Immigration Appeal Board

was tabled on April 2, 1965, that is on the eve of a recess, at two o'clock in the morning, approximately, by the parliamentary secretary of the then minister of immigration.

No comment was forthcoming from the opposition. I can well understand that, because the report corroborated the position I had held for months in this house on every case that had been criticized by the various members of the opposition except in one case where delays had occurred in the department of immigration and this I had admitted the day after the case was brought up in the house.

In all the other cases, commissioner Sedgwick confirmed the procedure which has been followed. It was the right one. It was the position taken by the department of immigration in those cases, the only one warranted in the circumstances and the only one in accordance with the powers of the minister of immigration and his officials.

Mr. Speaker, I would like to deal with the other aspects of the legislation. With your permission, I will simply read the last paragraph of the first Sedgwick report which has never been read in this house by the hon. members of the opposition who at that time so strongly denounced the procedure of the department of immigration but never made any comment on the judgment that commissioner Sedgwick made on the cases related to ship deserters. And I quote from the Sedgwick report, part 1, pages 37 and 38, and this brings us back to what I said about the Toronto newspapers which championed all those immigration cases in the name of human dignity and all those great principles which it was easy to proclaim at the time.

Commissioner Sedgwick said this:

> I have perused a great number of newspaper reports relating to these cases. While I am tempted to comment at length on the manner in which some segments of the press chose to represent the "facts" to the public,

And the word "facts" is in quotation marks.

> I refrain from doing so as I do not conceive an exhaustive examination of press comments to be within the ambit of my retainer. I will, however, cite one example as indicative of what I have in mind. In the Toronto *Telegram* of May 23rd there is an article dealing with the Hooper case under the heading "Man's Crime Was Silence". The tenor of the article is that Hooper was being made the victim of some unique and outrageous law. That is not so. Refusal to answer questions is punishable, and quite properly so, under many statutes, federal and provincial.

[Mr. Tremblay.]

> It is contempt of court, and punishable, for a witness in a criminal or civil proceeding to refuse to be sworn or, being sworn, to refuse to answer questions, and there is no reason why a person suspected of being in this country illegally should not be required to give a true account of himself or be punished if he refuses. In the sense that it is an offence and punishable, silence is a crime, but the article erroneously conveys the impression that silence is peculiarly an immigration offence. Indeed, the courts could not carry on if every witness could with impunity decide for himself whether to speak or be dumb.
>
> While I have found occasion to level some criticism I should express my opinion that the fault did not arise from any positive or deliberate intention on the part of those concerned to act in an improper manner.
>
> Many of the attacks which have been made in this affair have been ill-founded or exaggerated, and I regret to say I am left with the impression that a good deal of the criticism is based on nothing more than cynical catering for a variety of motives, to so-called "ethnic groups".

Mr. Speaker, I am not so sure the Toronto newspapers took that stand at the time to please ethnic groups. I am rather inclined to believe that they wanted to destroy the then minister of immigration, because at the same time, those three Toronto newspapers were trying to keep in Canada—the N.D.P. members are well aware of it for they protested repeatedly to me in this regard—those three Toronto newspapers tried to keep the American strikebreakers they had brought over because of the printers' strike. In spite of the representations made by those three newspapers I took the traditional stand of the department of immigration: that of not allowing strikebreakers to stay on the job while the strike was in progress and of refusing the landed immigrant status to those strikebreakers.

I was informed that the people involved were really strikebreakers and I upheld—I did not make the decision personally—the decision of my departmental officials to deport some of the employees of the Toronto newspapers, which naturally was bound to displease these gentlemen of the Toronto press.

I was expecting attacks, and I was not surprised to read constant attacks against the minister of immigration in the three Toronto newspapers each morning. But in the case of those ships, I think their attacks were unfair and unjustified. The first report of commissioner Sedgwick showed that the position taken by the department and which I had defended in the house was eminently defensible and complied with the existing Immigration Act and the current rules.

If there has been procedural delays, this was the fault of the courts and in no way the responsibility of the department of immigration, except in one case where there really was a delay occasioned by the department of immigration; this delay was corrected by a procedure which I announced in the house several days later.

Mr. Mongrain: Would the hon. member allow a question?

Mr. Tremblay: Certainly.

Mr. Mongrain: I should like to address a question to the hon. member, Mr. Speaker, and I apologize if it is a little personal, but it would be important to see the hon. member's reaction. Was it after that adventure to which the hon. member is now referring that the novel on the furniture deal was invented or before?

Mr. Tremblay: After. The furniture adventure is related to another problem, namely the problem of national security. This is another problem on which I will speak extensively immediately.

The second problem which faced the department of immigration, at that time, is security cases. They are well known, because some of them have been referred to in inquiries; there is the well-known Bonanno case, one of the leading figures of the Montreal underworld; the Minaudo case, the Windsor, Ontario underworld chief; the Violi brothers case in Montreal, the Stonehill case and so on.

• (4:50 p.m.)

Mr. Speaker, under the present act to be amended by Bill No. C-220, the minister of immigration, as I said, is legally empowered, among other things, to reverse a decision of the department or even of the present appeal board in cases of deportation.

It is a known fact that every time a case is appealed before the board and even before a ruling is made, representations are made to the minister of immigration. Such representations can be quite legitimate. It is quite possible for a member of parliament, a political organizer of any party, a religious leader, to have contacted the person concerned or one of his relatives, and to submit representations in writing or in person on behalf of that person to senior departmental officials who exercise that discretion through delegated powers, either the director of Immigration, the deputy minister or the minister.

Experience often proves that new facts can be presented to the department or to the minister as a result of such representations. And it may happen that in view of these new facts, the minister may quite legitimately reverse a departmental ruling.

But, Mr. Speaker, as shown in the second Sedgwick report, that is the danger for the minister who, in addition to being responsible for the department, is a politician who must receive representations often unfounded, from anybody, from people who, for monetary or other reasons, put the pressure on the minister.

It will be said, Mr. Speaker, that in such a case, the minister must act impartially—and I believe this is what every minister does. However, as has often been said, it is not enough for the minister to make a fair decision, his decision must also seem fair.

We see the situation in which the minister of immigration finds himself when he reserves a decision, convinced that he has good reason to do so but who, due to more or less doubtful or biased representations made on the subject by public opinion or political opponents, is accused of taking a position for political reasons, interest or other motives.

Mr. Speaker, I experienced this situation whenever deportation cases were being discussed. I lived through this period when, precisely because I was in the midst of problems such as these, I had to make a decision and did, in fact, make such decisions at a time when all kinds of criticisms or suspicions could be directed against me.

And it is precisely on account of those criticisms that notwithstanding the fact that, in all cases before public opinion, I had made the necessary decision—and I am prepared to place my record as minister of immigration before any committee of the house at any time.

In all cases, such as Bonanno, Stonehill, Minaudo and Violi cases, I acted in the interest of this country. Those were security cases and I explained a while ago the stand I took in such cases.

But, irrespective of the stand taken in individual cases, the fact remained that I recognized, that the government recognized that the minister of immigration was in an extremely delicate situation in security cases involving the underworld, since he could be criticized politically be it rightly or wrongly. It made it very hard for him to justify his stand, particularly in security cases.

That is when, under circumstances I need not describe as everyone is aware of them, it was decided that commissioner Sedgwick be asked to prepare a second report. The letter of the Prime Minister, dated January 27, 1965, asked Mr. Sedgwick to prepare a second report on ministerial discretion in the case of the minister of immigration.

And it is the second report which is before us and which precisely contains commissioner Sedgwick's recommendations on ministerial discretion.

In fact, the commissioner made recommendations with which I am generally in agreement. He recommended that ministerial discretion in immigration matters be abolished. I shall quote his reasons, if you will allow me, because I think they are basic if we are to understand the bill before us. On page 8 of his report, commissioner Sedgwick says this:

In recommending that the board's decisions be final I do so for these reasons:

In other words, it means that any decision by the Immigration Appeal Board would be final and that the minister would have no authority to quash or change the board's decision.

1. To make appeals to the board subject to review and final determination by the Minister is to render the board essentially sterile.

That is very true. My one year experience at the department of immigration showed me that cases are usually dealt with very quickly, at the board level, for an appeal is then made directly to the minister, and this reduces the prestige and authority of the present Immigration Appeal Board.

If the board's decision is unfavourable, recourse to the minister is almost automatic in a great proportion of cases and the board is reduced to a mere stepping stone between the special inquiry officer and the minister.

The second reason:

2. This would relieve the minister of a great deal of pressure of an undesirable nature.

The undesirable pressure referred to a while ago.

My inquiries satisfy me that the pressures brought to bear have often dictated the disposition of cases.

Thus, commissioner Sedgwick indicates here that the decisions were made after pressures had been brought to bear and the cases were solved according to those pressures.

As I said, Mr. Speaker, that influence is legitimate or it is not; often, it is very difficult for the minister himself or the deputy minister or the director of immigration to make a difference between the simple compassionate grounds which may exist in an appeal case and the other reasons which may incite people to act.

The third reason is as follows:

3. Ministerial duties and commitments are onerous and such that it is impossible for the minister to give careful consideration to a multitude of individual cases.

It is a real problem which I mentioned earlier. It was also pointed out by the hon. member for Carleton. It is that the minister of immigration has so much responsibility in the field of general immigration policy that his time could be more usefully spent otherwise than in making decisions, which is something really useful and important but that other people can do possibly as well as he can under more favourable conditions than those in which the minister finds himself most of the time.

And the fourth reason is as follows:

4. I would expect that an independent board exercising discretion along the lines indicated above would soon, on the basis of precedent—

That is the jurisprudence we talked about.

—evolve intelligible and reasonable guide lines which would be made known to members of the legal profession and others particularly interested in immigration matters as well as to the public generally.

Mr. Speaker, commissioner Sedgwick's report contains several recommendations, but this basic recommendation, along with changes we shall discuss later, is embodied in Bill No. C-220, establishing a new Immigration Appeal Board which will be granted much more authority than the present board. With the exception of security cases only, the decision of the board will be final; however, appeal to the Supreme Court is possible on points of law.

A special commission must be maintained with respect to immigration appeals in security cases. I realized very early, upon becoming head of the department of immigration, that security cases are very serious. A report on security problems in Canada regarding immigration had been prepared for me, when I was appointed minister of immigration. A conference was called immediately by the minister of justice, now President of the Privy Council (Mr. Favreau) and myself, including all senior officers of the Royal Canadian Mounted Police, the department of immigration and the Department of Justice, in

order to elaborate a new and aggressive policy with regard to the underworld and all elements considered as a threat to the security of our country.

This report I have before me was discussed during that meeting and the general conclusions dated March 12, 1964, were to the effect that first the Chinese amnesty should be ended, and this is a secondary problem—secondary compared to the one on our mind now—with which I do not want to deal here. But the main conclusions of that meeting were precisely to set up in the department of immigration a special division which would check all the security cases outstanding and try to detect, in co-operation with the R.C.M.P., the underworld and mafia leaders in the various cities of our country, precisely in order to deport them.

• (5:00 p.m.)

[*English*]

Mr. Lewis: Mr. Speaker, may I ask the hon. member a question? I assume that the report to which he has been referring is a departmental document, not a public one?

[*Translation*]

Mr. Tremblay: That is right, Mr. Speaker, that departmental report was never published but it formed the very basis of a policy within the department of immigration which was actually implemented through the establishment of this special centre in the department. As a matter of fact, in November 1964, Mr. L. E. Lefaive was appointed head of the enforcement division of the department of immigration which maintained relations with the Department of Justice and the R.C.M.P. precisely with regard to the deportation of special security cases, involving mainly the underworld and the mafia. In fact, at that meeting, authorities of the justice department and the R.C.M.P. were asking the department of immigration to set up a unit designed to help in the fight against the underworld, for deportation purposes.

In fact, the unit, headed by Mr. Lefaive, and his men uncovered Bonanno a few weeks later in Montreal and some weeks later he was deported to the United States. It was precisely Mr. Lefaive and his men who, independently of the R.C.M.P. had succeeded in uncovering Mr. Bonanno who was on the list we had received.

Mr. Lewis: Is Mr. Lefaive still the head of that division?

Mr. Tremblay: Yes. I think he is still the head. In any case, he was until recently.

Mr. Speaker, this important function fulfilled by the department of immigration in matters of security is one that must be maintained and the new bill in fact provides that the minister of immigration and the Solicitor General may conduct very serious investigations in cases brought to their attention. I think the member for York South (Mr. Lewis) indicated that normally the minister of immigration makes decisions in matters of security on the basis of very slight reports. Well, I think that the minister of immigration, in all cases involving security, has all the necessary reports to make a decision and a serious investigation is made for the minister. From now on, there will be two ministers, the Solicitor General responsible for the R.C.M.P. and the minister of immigration who will jointly sign a deportation order. In those cases, the right of appeal will be suspended. I submit that, for the security of the country, this power of the minister of immigration and the Solicitor General jointly to suspend the right of appeal is absolutely necessary if the department of immigration is to continue —and I am convinced that it will, because the minister of immigration has already made a statement in the house on the subject —to co-operate very closely with the R.C.M.P. and with the Department of Justice.

Mr. Speaker: Order. I regret to interrupt the hon. member, but the time allowed to him is over.

Some hon. Members: Keep on.

Mr. Tremblay: Mr. Chairman, I am almost through with my general remarks on Bill No. C-220.

I believe the indications I gave permit an understanding of the context in which the Sedgwick report on the minister's discretion was prepared and the motives that let to it. I think I have succeeded—at least I hope—in showing that this bill meets a need that was felt by all ministers of immigration, that is to unload themselves as much as possible of their discretion on an organization of officials or commissioners where no criticism could be made, whether or not they would be justified. I think the upholding of personal responsibility on the part of the minister in security matters is absolutely essential and I am convinced that with the changes in details which may be made during the debate, Bill No. C-220 was a must.

It was better, on account of the urgency of the situation, to call it at once, even before the report of the joint committee on immigration was submitted, and if this bill is given legislative form, I believe the minister of immigration will be happier from now on than I have been myself in the past and that this country will greatly benefit from it.

Mr. Speaker: Does the house allow the hon. member for Sainte-Marie (Mr. Valade) to ask a question?

Mr. Valade: Mr. Speaker, I should like to ask the hon. member if he can tell us whether the information concerning the orders for the deportation of members of the underworld or the mafia are sent to him directly or spontaneously by the Royal Canadian Mounted Police or whether they must be passed on to him by the hon. Minister of Justice (Mr. Cardin) at the request of the hon. Minister of Manpower and Immigration (Mr. Marchand).

Mr. Tremblay: Mr. Speaker, since I have no responsibility as a member of the government, I do not wish to answer this question. I shall merely say, in reference to the past, that when the department of immigration was my responsibility, the establishment of this unit under Mr. Lefaive within the department of immigration was an initiative taken by the department. This initiative, of course, cannot be taken alone and there is constant cooperation between this unit within the department of immigration and the authorities of the Royal Canadian Mounted Police.

The Bonanno case, which I mentioned, is one where the procedure and discovery initiated in the immigration branch. In other cases the opposite may be true and police authorities may be the ones to discover the matter.

• (5:10 p.m.)

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, having listened to the hon. member for Matapédia-Matane (Mr. Trembley) and to my good friend the hon. member for Carleton (Mr. Bell) and in anticipation of what the Minister of Manpower and Immigration (Mr. Marchand) will say, because I assume he will participate in this debate before it has been concluded, let me say at once that I have always held the opinion that in the cases which have concerned me and with which they have had to deal in their capacity as ministers they have given the most careful, anxious and detailed study to the problems involved. As the hon. member who just resumed his seat said, problems which involve the status of people, the status of their families and questions of property are the most serious and difficult problems in respect of which any other human being has to make decisions. I am quite satisfied that in any of the dealings I have had concerning such cases nothing but the greatest consideration has been given by the ministers involved.

Nevertheless, this bill is a recognition of the fact that no one pair of shoulders is broad enough and no one person has the physical or mental capacity to be placed in the position of being compelled to make the kind of decisions which in the past these hon. gentlemen have had to make. The fact is that these problems involve people and also involve hearsay evidence, not first-hand evidence but rather second, third and fourth-hand evidence.

The hon. member for Matapédia-Matane said that certain reports came to his desk. True enough. But as one who has been concerned in the practice of law and who has appeared before the courts for 40 years I still marvel at the infinite capacity of the human mind to twist and turn things and even deceive the person who is making the report. I am not saying this with any intention of castigating people concerned with security or other civil servants. This is a fact of nature. To expect a minister who has administrative responsibilities of considerable scope in addition to his duties in respect of immigration and who also is a member of this house and a politician—a word which I think has a very desirable connotation—to make these decisions is positively repugnant to me. I am very glad to see that at long last this bill has recognized that fact and has taken away from one man these responsibilities which the various ministers have had to try to discharge over a great many years. I only hope that this will be extended to other matters.

Despite the sanctimonious claptrap sometimes uttered in this house about the sacred liberties of people and the rights of parliament, all too often what we see is a bald exercise in divorcement from reality. All too often governments in the exercise of their power arbitrarily seek to make their decisions in the darkest recesses and cubbyholes of government bureaucracy. When there is a choice between legislating through order in council and legislating by coming openly and boldly before parliament, too frequently the

first choice is made. I hope this bill is a beginning and that the government will recognize that this is the best way to function. For this reason we now have removed from the minister what always should have been an area of either judicial or quasi-judicial decision. By this bill we purport to set up a board as a court of record with certain judicial functions.

There are still some exceptions about which I am not happy. The hon. member for Carleton and the hon. member for York South (Mr. Lewis) have dealt with these. I do not know to what extent the bill is susceptible to amendment in committee. I am inclined to doubt that it will be. I had hoped that when the government went this far it would have been prepared to take more giant strides. After I have finished and other members have spoken the minister probably will speak in closing the debate and I hope he will indicate the degree of flexibility he intends to exercise when the bill reaches the committee because I think there are some very important changes which should be made, some of which have already been touched upon by other hon. members who have participated in the debate.

We now have established the principle, which I think is very important, that there must be an examination by an independent tribunal. This is a very far reaching innovation and I am very happy to see it. Some mention was made by the hon. member for York South and the hon. member for Carleton of the speech made last night by the parliamentary secretary to the minister who told us that the bill came forward a little more rapidly than was anticipated. I question, as do other hon. gentlemen, some of the statements he made. It is not only this bill we must examine but rather this bill read in relation to the present Immigration Act and regulations and also having in mind some of the judicial interpretations which have been made in cases which have been the subject of discussion, some of which have gone to the Supreme Court. I think we must take all these together. There are concentric rings involved.

Quite frankly, I have not been able to inform myself as well as I should have and it may be that the criticisms I am now making have been made. I listened with great interest to the parliamentary secretary. I thought his speech was well delivered and included many pertinent factors. However, as found on page 13268 of *Hansard*, for instance, he said:

> The board will be authorized to deal conclusively with all appeals against deportation orders. The one proviso is that provided the deportation order is found to have been legally made, it must be carried out where in criminal or security cases the board is provided with proper certification from the Solicitor-General—

And so on. Then again:

> The discretionary authority of the board is defined according to two types of deportation cases. Where a legal resident of Canada has been ordered deported and has appealed, the board can decide what is fair and reasonable in all the circumstances of the case. On humanitarian or other grounds it can set aside a deportation order, however legally valid.

I must say that I agree with the hon. member for Carleton and the hon. member for York South that there does not seem to be anything in the bill to justify this. True enough, under clause 15, once the appeal is heard and a decision made there is a right to stay the execution of an order on the grounds set out. Under subclause (1) (b) (ii) of clause 15 the board can take into consideration the existence of other exceptional circumstances. But this is in connection with a stay of proceedings. So far as the exercise of the authority in the present act by the board is concerned, there is no right other than to examine the provisions of the Immigration Act as modified by this bill and then act accordingly. Once a decision has been made then, with certain exceptions, I think the board has the right to take into account exceptional circumstances. In the decision as to what are exceptional circumstances the board may be compelled to follow the other provisions of clause 15. I do not know. I hope the minister may be able to convince me that I am incorrect in my view about this.

• (5:20 p.m.)

However, my position is that when the rights and liberties of people are dealt with the whole apparatus of the state is arrayed against the individual. As one who has been active for 40 years in proceedings in which I have consistently acted against the crown, I know what is involved in this question. I know that the crown, with all the money at its command, with all the expert advice, assistance and witnesses it can call, with all this great apparatus at its hand, poses a very considerable threat to any individual, not deliberately but merely because of its sheer weight and bulk.

Over the centuries we have conceived under our criminal law some very sound and sensible principles with regard to the rights of individuals, except in cases where the revenue of the state is involved when the situation is reversed. But where the rights and liberties of an individual are involved, under our criminal law we say, first, that the crown must prove its case. The onus is upon the crown to prove its case and that onus can only be discharged by producing evidence which shows beyond a reasonable doubt that the offence has been committed.

It would seem to me that if we are setting up this board to make decisions with regard to matters which are in many respects on the same footing, because they involve the rights and liberties of people, the same type of principle could have been inserted in this legislation without any great harm being done. A provision could have been inserted to the effect that under these proceedings the onus would be upon the government to establish the facts beyond a reasonable doubt and the responsibility would be upon them to initiate the steps to discharge that onus. I think such a provision would meet some of the objections which have been raised by the hon. member for Carleton and others.

Second, there is the right of appeal from a decision of the immigration appeal board. That right of appeal is given to the individual on facts or law, or mixed facts and law, if I am correct. The same right is given to the crown. I believe that the government, having seen fit to appoint as members of the board men in whom they have confidence as to their integrity, knowledge, capacity and depth of human feeling in assessing and evaluating the facts in a given case and reaching a decision, must be assumed to have decided that they will respect their judgment.

I suggest that in cases of appeal the government should be limited to matters of law alone. Once the immigration appeal board has heard a case and come to a decision in favour of the individual, I suggest that the same principle should prevail as prevails with regard to a great many criminal matters and that the right of appeal of the government should be confined to questions of law alone. I do not know whether the minister is open to suggestion; I do not know how flexible he is. We will have an opportunity to find out before this bill is passed. But I hope he will give these suggestions consideration.

[Mr. Baldwin.]

I wish to make only one more point. This bill has been very adequately dealt with and there will be far more suitable opportunities to deal with the various matters involved when we are in committee. I am concerned about the effect of clause 21. I must not deal in detail with this matter but I cannot speak on the principle of this bill on second reading without expressing my repugnance to the principle involved in clause 21. This problem was before us yesterday with respect to another matter.

I know there are cases when the security and safety of the state must be considered. I agree with other hon. members that sometimes this factor is overemphasized. Sometimes there is a tendency to exaggerate its importance, using it as a peg on which to hang the argument of handing over to the government a far greater degree of power than is required. Nevertheless there is a problem in this area. I admit quite frankly and honestly that we cannot apply the same rules in these cases as apply in ordinary cases under criminal law or where the safety of the person or property of an individual is concerned vis-à-vis the state. Nevertheless, to leave this discretion to ministers of the crown is simply repeating the mistakes of the past.

Surely it is not beyond the ingenuity of the government, its law officers and the civil service to devise a means by which cases which are certified to involve security matters can be heard by this board or a special panel of the board sitting in camera if necessary. These people are human beings, as are the two ministers involved. I assume that the members of the board will take certain oaths at the time of their appointment. Surely there is no reason why, with certain limitations and proper safeguards, the immigration appeal board could not entertain these cases.

I know that the government is now waiting for the report of a committee dealing with the whole question of security, but it seems to me to be repugnant to an orderly state of affairs that people who are properly in this country should be subject to orders which affect them and their families without having any idea of the general tenor of the accusations made against them, without the source of the accusations being in any way disclosed and without having the fullest opportunity to answer to accusations.

I assume that the Solicitor General (Mr. Pennell) and the minister will attempt to

turn themselves into a court and decide, as the immigration appeal board will do, on the facts given to them whether the provisions which protect these people should be withdrawn and they should be subject to a deportation order. But I suggest there is no reason why, with safeguards and limiting conditions, the opportunity should not be given to a panel of the immigration appeal board to give careful and earnest consideration to these extremely difficult problems.

We must grow up about these things, recognizing the dangers which exist. Surely we have now reached the stage in our development as a country and a people where we can face these dangers and provide for them. We should provide for them without in any way interfering with the operation of the rule of law, modified, of course, to meet the special circumstances. I do not know whether it is intended that this clause and what is involved in it will be changed when the government's committee dealing with security matters has brought in its recommendations. I hope the minister will consider this aspect of the matter. If there is to be no willingness on the part of the minister to change the provisions of clause 21 now, I hope he will assure us that when the committee has reported and the whole matter is brought before the house for at least some measure of debate he will be sufficiently flexible to advise the government that if changes are possible in the light of the report the committee brings down he will not oppose such changes in the legislation.

• (5:30 p.m.)

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, in opening my remarks on Bill No. C-220, to establish an immigration appeal board, I should like first of all to join preceding members in offering to the minister our appreciation of the way in which he has approached the problem of providing an appeal for people who are faced with deportation. We all believe that he is sincere in his very good intentions to provide an adequate appeal board to deal with these very difficult cases. The objectives of the bill are very high but as you have noticed, Mr. Speaker, in the case of the previous speakers, I too would like to voice some fears that the bill, as it stands, does not have all the necessary powers to achieve these high objectives.

As I have said before, I do not doubt the sincerity and concern for justice of both the minister and his advisers. In my personal experience with persons ordered for deportation, I was appalled at the failure of the immigration authorities in some cases to accept arguments on moral and compassionate grounds. I do not find any clause, for example, in this bill which gives any authority to members of the new appeal board to act on submissions made on the grounds of compassion or humanitarian considerations.

The act as it now stands empowers the present appeal board to hear cases only on legalistic considerations. It is true that the act provides for an appeal to the Supreme Court of Canada, but again only on questions of law. I ask the minister, where in the bill is there any provision to allow the hearing of submission on moral, humanitarian or compassionate considerations which the parliamentary secretary told us would be available?

Another observation I should like to make to the minister is that the provisions in this bill are limited to the hearing of appeals of Canadian citizens only in respect of such classes of relatives as are referred to in the regulations made by order in council. Here again, the new appeal board's decision will be final. Is this the best way that we can treat our Canadian citizens? Is this compassion? We members of parliament, especially those who are members of the joint Senate and House of Commons committee on immigration, have heard numerous representations in person and through briefs to the effect that the present and proposed regulations are in so many cases so restricted that they have often been called unfair, heartless and even discriminatory.

There is another problem in connection with immigration cases, and that is the problem of the deportation of refugee seamen and other refugees who seek asylum in Canada because they fear to return to their country of origin. Some of these refugees have suffered a lot, and some of them are survivors of Nazi concentration camps. There are provisions in certain international conventions dealing with human rights demanding that countries do grant these refugees and political persecutees asylum. I urge all those concerned, therefore, to be guided by the principles in these international conventions, even if formal ratification of them by Canada has not yet been given.

Last week the members of the special joint committee on immigration were in Toronto

and heard some interesting and important briefs. One of these briefs was presented by the Canadian Mental Health Association. It stated that mental disorders should no longer be considered as grounds for deporting immigrants or even for barring would be immigrants. Spokesmen for the Canadian Mental Health Association and the Canadian Association for Retarded Children agreed that immigration laws and regulations which bar the way of those who have been in mental hospitals, including epileptics and retarded children, should be swept away. They should be done away with because they are outdated and inhumane.

A new approach based on individual assessment and humanitarian considerations for the immediate members of the family as well should be adopted. These cases should be referred to an independent tribunal of experts in psychiatry, psychology and sociology. Many persons are entering mental clinics of hospitals without being seriously mentally ill. Persons with various levels of education and training enter such institutions for a short time for the treatment of emotional depression. Such persons may recover within three or four weeks and remain well for the rest of their lives. Unfortunately, and unfairly, the present Immigration Act labels these people with the horrible and obsolete terms insane". I should like to suggest to the minister that he update the medical terminology in the act and regulations and remove the word "insane". This stigma should not exist in any Canadian statute.

I have knowledge of immigrants, Mr. Speaker, who on arrival in a strange country suffer a culture shock. This is the shock of trying to adjust to new customs and to a new culture. It could happen that this shock causes a mental breakdown. However, such persons can recover with treatment. I ask again the Minister of Manpower and Immigration (Mr. Marchand), why should these people be deported? The United States government has relaxed is immigration laws by removing the provisions which used to prohibit epileptics entry into that country. United States laws now permit the entry of retarded children up to the age of 14 who are accompanied by an admissible family. The new United States laws also permit former mental patients to come to that country after the surgeon-general decides they have been free from mental illness for a certain period of time.

[Mr. Haidasz.]

With regard to the position of the appeal board, Mr. Speaker, I should like to ask the minister to give us more information about the set-up and especially tell us how only seven members, only two of whom will be barristers, can inquire as a court of law into all these appeals. I venture to say that the board will really be swamped with appeals, especially with those based on humanitarian grounds. The board will find it very difficult to deal with these cases swiftly. Again I say, I believe these cases will be submitted mostly on compassionate grounds. I believe, therefore that a full time staff of lawyers should be engaged by the department to deal with these inquiries which have to be conducted. Immigration officials should be doing other tasks.

Another observation I should like to make to the minister is that interpreters should be provided at public expense at these inquiries. From time to time I have received complaints from citizens and from potential immigrants that the interpretation services which exist today in this country and abroad are either unavailable or inadequate. I believe that these observations, along with others made by previous speakers this afternoon, are worthy of the most urgent consideration by the minister.

• (5:40 p.m.)

I appeal to him to give urgent and closest attention to the requests of so many Canadian citizens and of their elected representatives in parliament. It is our duty to offer constructive criticism and to try, in the crucible of debate, to make the changes which will improve that which we are given. It behooves us to maintain our high standards of Canadian justice.

Mr. Joseph Macaluso (Hamilton West): Mr. Speaker, I also want to join with the former speaker, the hon. member for Parkdale (Mr. Haidasz), in his words to the minister. I for one have often been known to be a very harsh critic of immigration policy and procedures. Perhaps it may be said that on a great many occasions I have been justified in my criticism and that at other times I have not been justified. However, I am sure the minister will believe me when I say that I applaud him for the courage he has shown during his tenure of office and for the drive on his part to get before this house not only the white paper on immigration but the legislation presently before us, for which there have been cries from many quarters both outside and inside the house.

I also applaud him for his efforts to revamp his department. There have been times when I was perhaps one of the strongest critics of people in the department. However, I must say—and it would be very remiss of me not to say this—that in the past year there has been not a marked improvement but a sensational improvement, and I no longer feel I have to deal directly with the minister's office but can deal, with some hope of success, with the department itself. For this I think the department also deserves a great deal of credit.

I make this commendation, Mr. Speaker, even though I and perhaps others may not agree with many of the things contained in the white paper or with some aspects of the bill presently before the house. Nevertheless I assure the minister that my remarks are directed to some grave reservations I have with respect to certain sections of Bill No. C-220. Others have made comments on many aspects of the bill which I will not reiterate. My main concern is with clause 17 which deals with appeals by sponsors.

I am also one who agrees with the very high objectives set out last evening by the parliamentary secretary. I was not able to be here at the time but I have had the opportunity of reading them. As has been said already, objectives are one thing but putting them into practice is another. Trying to establish an independent tribunal to carry out these high objectives is yet another thing altogether, Mr. Speaker. This is because the members of the tribunal are not required to pay attention to these high objectives. For example, I cannot imagine the minister going to the members of this independent tribunal after they had taken a particular decision and saying: "Gentlemen, you are not following the intent that we had in our minds". It would be impossible for the minister to do this. I fully realize the difficulty he faces, but at the same time I am sure that the humanitarian and compassionate objectives envisaged cannot be legislated. I suggest that in no way can we impose upon this seven-man board any obligation to carry out these objectives. Certainly they have not been carried out in the past and I see no way they can be carried out in the future.

As I say, Mr. Speaker, I realize the problem. At the same time I am not one of those who believe that ministerial discretion should be removed completely from the office of the minister. I know that a great many persons, myself included, go to see him about exercising his discretion in a given case. But I am sure that those of us who visit the minister or go to the department seeking a review of a case do not do so simply because the immigrant or constituent in question has asked that it be reviewed. We screen many of these cases ourselves. We do not wish to deal with all of the hundreds of cases which come before us. I would be most happy to tell these people to go to the department but it is very difficult to tell a person who is knocking at your door every week end to go away. Indeed, he may have a justifiable complaint.

In many cases when the department is asked to review a particular file a positive answer is made. Therefore when a sponsor who has made application for a brother or sister or whoever it is he wishes to bring into the country has his application refused, I do not see why he should be put to the expense of retaining counsel. He cannot be expected to appear before the tribunal alone, and although the tribunal deals with both fact and law an appeal to the Supreme Court lies only on a question of law.

I feel, Mr. Speaker, though I hope my fear is unfounded, that this provision will further restrict immigration by sponsorship. According to the provisions of the bill the appeal must be made by a Canadian citizen. According to the white paper a landed immigrant has some rights, but under the bill before us he has no rights in the matter of an appeal because it is a Canadian citizen who has to make the application. Why we should put a sponsor to some expense if he wants to appeal a decision to the Supreme Court, I do not know, and I do not agree with this provision.

I disagree with my colleague from Parkdale on one matter. The board will not be swamped with a great many appeals from sponsors because many applications will not even get to the board even though certain cases may be justified. I believe it was disclosed before the joint Senate-House of Commons committee that sometimes a letter from the department rejecting an application gives reasons for the rejection. I hope this is the case but I do not think that in all cases every reason is given, particularly in cases involving security. Others have dealt with that matter.

I do not know how it would be possible to present such a case. Is a person expected to appear before the board with just the letter he has received from the department stating

that the applicant does not meet the requirements of the law or fall within the regulations and therefore the application cannot be accepted, with I presume, the reasons set out? What about documents in the country of origin of the immigrant which may be of assistance to his case? Is this information to be made available to the sponsor so that he can plead a case? These are reservations about the bill that I think many of us have and which create real fear. As I say, one of my fears is that although it is not the intention the bill may further restrict immigration by sponsorship.

With regard to the humanitarian and compassionate aspects, Mr. Speaker, who can deal with such considerations? The independent tribunal? Of course not. These considerations can be dealt with only by the department. The department may say that these matters will be taken into account when the case is considered by the department, and I am sure they will be; but there is no way of establishing this before a tribunal.

• (5:50 p.m.)

I must say that every application made by a sponsor invites a certain amount of pressure being placed upon the minister. I know that parts of the bill have arisen from the Sedgwick report but I have yet to find any editorial writer who approved of the report. With all due respect to Mr. Sedgwick—I articled with him in my final year at Osgoode Hall—not many people agree with his conclusions. The department seems to agree with them. We realize there are problems in regard to ministerial discretion, but where do you draw the line? Pretending the problem does not exist does not wipe it out. One must remember that we are not dealing so much with statute law as with human beings, people with emotions. Some people want to join their families and it is not enough to say to a sponsor that his brother, sister, mother or father cannot come to this country for certain reasons unless you can prove to his satisfaction, which at times may be difficult to do, that it is impossible for the relative to come to Canada.

What is the good of sending out a form letter saying that an appeal must be launched within a certain time? How many people take advantage of such a letter? I can see people coming to our offices screaming that they want to appeal when the time limit has expired. An extension is impossible because we

[Mr. Macaluso.]

are bound by the law. I feel that the provision respecting appeals by sponsors might inhibit immigration through sponsors.

The present appeal board is not satisfactory. Its decisions may be reviewed by the minister. In sponsored cases the minister has discretion. I ask the minister and his staff to devise some plan whereby a line can be drawn so that people may be helped without the board or department being swamped with appeals. I find it difficult to accept that the ministerial discretion with respect to sponsored appeals should be done away with. I agree with many of the contentions on this subject raised by the hon. member for York South. I hope the minister will review this matter. He must have some answers to the problems.

In all conscience I could not let the opportunity pass of expressing my fear in regard to appeals by sponsors. Under clause 23 an appeal lies to the Supreme Court of Canada. But, Mr. Speaker, the Supreme Court of Canada deals with the law. The regulations are based on the law. Certain conditions are set down in the act and any tribunal will know about those, including the Supreme Court of Canada. The Supreme Court of Canada cannot look at humanitarian and compassionate aspects and it will be impossible for the appeal tribunal set up under this bill to do so.

Canadian immigration procedures throughout our history have always considered humanitarian and compassionate grounds. Ignoring those grounds in this bill is to take a cold-fish attitude to immigration by sponsors. We shall have turned in a full circle. Families will not be reunited. I do not agree with my good friend from Parkdale that we shall be swamped with appeals by sponsors. This bill will have the reverse effect. I fear that such an effect is the purpose of this measure.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I do not intend speaking long on Bill C-220. I have not many problems concerning immigration in my riding. I wish to mention one particular instance involving a person who came from the United States and wanted to work in Canada.

The minister ought to clarify one point to which the hon. member for Hamilton West (Mr. Macaluso) referred. The minister cannot attend to all individuals; there are thousands of cases. There ought to be some procedure tc correct injustices which arise from time to time through shortcomings or loopholes in the

regulations. I know that hon. members do their best with individual cases. I do not think we should run to the minister with every little difficulty. Hon. members' time is limited, as is the minister's.

Perhaps I can illustrate my point by citing an example. Some time ago a school teacher named Nelson came to the district of Thetford Mines. He had come to Canada as a tourist from New York city where he had taught, I believe, the year before. He was well qualified, having taught in Africa under the UNESCO or Colombo plan or some such plan and was approached by the authorities in Thetford Mines. At first he came to Thetford Mines as a visitor. He was well qualified, having, I believe, a masters degree in science. The school board, needing a teacher, asked him to sign a contract. He signed. He did not know anything about immigration rules. Sometimes I wonder whether anybody but certain officials in the department knows those rules. The man took the job and then the trouble started.

Nelson went to the immigration officials and said he had signed a contract with the school board. He was treated badly. Sometimes I think we treat immigrants more severely than we treated Hal Banks. There were representations by the Quebec provincial government, the school board and the teachers' association. The man was willing to go back to the job which had been given him. He could have been charged with a breach of contract. School inspectors and everybody else jumped into the affair. Finally he was given eight days to leave the country. This was in November.

• (6:00 p.m.)

The hon. member for Carleton (Mr. Bell) said yesterday that the former minister of immigration, now the Minister of Transport (Mr. Pickersgill), had expressed the opinion that in the Department of Citizenship and Immigration there were more papers and trash than in any other department of government. I am inclined to believe this to be true when I see some of these forms whose meaning is so hard to understand.

The officials informed this man that he should sign one of these forms. But that did not help the situation. It made it worse. All he could do was return to the United States and leave the school board short of one teacher in November when it is not easy to find new teachers. He had no criminal record, no criminal convictions. He could have entered this country to teach at any time. He was charged only with entering the country under false pretences. The department said he had come to this country to teach and had not declared his intention.

This was not the case. He came in as a tourist and decided to stay only after he had been offered a post under good conditions which suited him. He did not know how he could get out of the mess except by breaking his contract, returning to the United States and fighting the case from across the border. This is why I submitted the whole question to the minister. I learned later that though under the terms of the expulsion order he was required to leave the country within eight days he was told he could nevertheless remain here until the end of the year. What is the use of issuing an expulsion order with a time limit of eight days if it can be disregarded? Apparently the man is still in Canada and able to finish his school year.

I suggest that this man signed the paper presented to him unwillingly or without reading the fine print and that by so doing he put himself into a situation where he was legally guilty. But from a humanitarian point of view he was not guilty at all. When I saw him he was as perplexed about the whole business as a ten year old might be. The officials really got after him. I do not know what kind of people we have in the department of immigration at this time, but the fact that he signed a contract before telling them he intended to remain was enough to cause this whole mess.

There are ways and means of dealing with matters of this kind which would avoid the necessity of running to the minister and the minister having to send a telegram to his officials telling them to take no further action until the case has been reconsidered. Moreover, when expulsion orders are sent to people telling them they must get out within eight days the department might as well tell them that they can stay on for a year and contest the order.

Maybe I should know more about these matters. If I were an immigrant I would no doubt understand them better. But no one looking at the immigration regulations can understand what they mean. The white paper seems to have clarified the issue somewhat. We now know what standards are required of those who seek admission to this country whereas previously we did not know who could come in and who could not. If the

tribunal to be set up will simplify these matters some advantage will undoubtedly attach to it. From time to time, as things are, undesirable people are able to enter this country while others who are likely to make good, honest citizens meet with a great deal of difficulty.

I know of one case in Ottawa which has been dragging on for three years. A Canadian citizen got married in Italy and naturally wished to bring his wife over here. However, he was obliged to send her back to Italy and the matter is still not settled. Someone in the lady's family, a cardinal or an archbishop, I believe, is working on the case on the Italian side without any success. If a cardinal or an archbishop cannot do anything to change the minister's mind, what can I do about it? First of all, the department said the lady had tuberculosis, but after a long time it was found out that she did not. It is time the minister cut off the dead limbs in his department and began clearing out the brushwood so as to make the administration more practical and realistic.

I think the minister is to be congratulated on the effort he has made so far. There will still be shortcomings and loopholes in the act but these cannot all be remedied at one time. It is only through experience that we will learn what has to be amended and redrafted in better form. I am sure the bill will be useful in dealing with cases such as I have just mentioned, and the examples I have given are not isolated instances by any means.

No doubt there will be some hardship if those appealing these decisions have to pay legal fees but I suppose that on balance it will be cheaper than travelling to and from the home country and better than standing on the quayside waiting for someone to say they can come in or they must go back. A person who has found a sponsor in this country, what we call in French un parrain or une parraine, has someone to look after his interests, but the situation can be embarrassing for a person without such an advantage. For one thing, there is the language barrier in some cases. Then there is a whole series of procedures to be followed during which reliance is placed entirely upon the immigration officers who can be very quick about some things when it suits them and very slow about others, depending on the circumstances. They can find a multitude of reasons for delay if they want to—whether good or not, I do not know.

I have received a great many complaints from immigrants who have entered the country to become residents of my constituency.

They feel aggrieved about the way in which the Immigration Act is working at present and I trust that the bill before us will clarify many of these matters. If the new procedures do operate effectively the minister will be relieved of all the knocking on his door that now goes on and the members of parliament will in turn be relieved of the pressures now placed upon them in this area. If some solution is not found, all these problems will end up in the minister's office.

• (6:10 p.m.)

I should like to hear from the minister about the man who entered this country to begin teaching here. I trust there will be no record against him since what he did was, in my opinion, done unknowingly or at least unwittingly. It was the official of the department who actually caused the whole problem by getting him to sign a whole lot of papers whose fine print he did not read. He found out later that by signing these papers he had admitted entering the country under false pretences, which was not the case. He made very strong representations to me. Finally I went to the minister and asked him to look into the matter, after which I heard nothing more. I believe that person is still in the country working as a teacher. I gather that a decision will be taken in June. I do not understand what the purpose is in ordering the expulsion of a man and then allowing him to stay. I think the minister should be able to give us an explanation. I hope that the new appeal board will be able to solve these problems.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, listening to the speeches made over the last few days on the last four bills considered, I could not help thinking as an independent member—if you will allow me this digression—that there is a new climate in the house.

We started our proceedings last year in a climate of distemper and some days, we heard more partisan speeches than objective discussions, to such an extent that after a few months, the press started some kind of discriminatory campaign against this parliament. However, if the reporters have followed our deliberations in the last few months, particularly in the last few weeks, they undoubtedly noticed that there is truly a new climate since the discussions are held on what I might call a high level. Objections, or rather interventions, are objective and I think it is very

interesting to follow them, to listen to them from both sides. Members of the party in power have even expressed well detailed and well grounded criticism. Mr. Speaker, I am pleased to say, as an independent member, that all this bodes well and is probably of a nature to bolster the reputation of the House of Commons, of parliament in the mind of Canadians, in short to give them back the real confidence they should have in the seriousness of their parliament.

I take the liberty to congratulate all those who took part in the debate, not only on this bill but also on the three bills on the public service which were considered.

Mr. Speaker, I had the opportunity to listen earlier, like all hon. members of this house, to the speech made by the hon. member for Matapédia-Matane (Mr. Tremblay). It made quite an impression on me, it was, for me, a source of information I did not have, it made me understand better the background of the legislation which is now before us and of the other which will be introduced later. At one point I allowed myself a more personal intervention as far as the hon. member is concerned and I did it with some hesitation because I did not want to reopen a painful wound.

However, after hearing the hon. member say that following his firm stand on the deportation of some members of the underworld, deportation which irritated some Toronto newspapers, he had had to endure the torment of a campaign of criticism during weeks, I began to wonder if the furniture case had not come to light after that and I found that it was so. In fact, the furniture story arose after the minister had done his duty and sent away people whose departure evidently jeopardized certain interests of Toronto newspapers.

In my opinion, this is a revelation which, I think, gives us a better understanding of the indignity of that smear campaign against the minister and some of his colleagues. It is also a justification of the bill before us which will protect the minister of immigration against such persecutions. If we have reached a point in our country where newspapers as important and as responsible as those mentioned a while ago can afford such campaigns, I think it is an alarming situation and we will have to tighten our security measures in other fields.

Mr. Speaker, I read the bill as carefully as possible, just like other members of parliament. I do not claim to have any special competence. I simply listened to those of my colleagues who know more about this matter and who spoke before me. I wish to point out to the minister that one thing in particular does not seem clear to me; it concerns the appeals. Are time-limits provided —at least, I do not think so—not only to lodge appeals but also to hear them? Are time-limits provided also for execution of the decisions made by this court of sorts, by this board? Are there also some provisions for some special cases where human factors might intervene and involve additional time? I do not intend to give particulars, for I know that the minister can guess what I mean, but I mention this simply because it occurred to me while I was reading the bill.

I was somewhat surprised to hear the hon. member for York South (Mr. Lewis) at one point attack the bureaucrats and tell the minister that some measures are absolutely necessary to prevent abuse of authority among them. Then, and not without some malice, I drew a parallel. I wondered: How can a propagandist of socialism, that is, of the theory of government through bureaucrats, allow himself, even before succeeding in establishing the system in this country, to criticize the bureaucrats? There is a sort of irrationality or inconsistency in such a remark. This might suggest that if our friends in the New Democratic Party ever came to power, they would have to create other bureaucratic institutions to watch over all the bureaucrats that are already in office. We can see from here the unseemly bureaucracy which all this would entail.

I was nevertheless amused—I say this without malice—because the comments made by the hon. member for York South were, in my opinion, timely and of great value for the most part. What worries me most—I believe you will find this is a constant concern of mine—is the persistence with which the hon. member for York South champions the cause —this may not be the most accurate expression—the extraordinary tenacity with which he defends Canadians under suspicion or accused of being security risks, demanding that excessive precautionary measures be taken, fettering the government hand and foot in order to protect the rights of those citizens presumed to be or accused of being a threat to public security.

I know the hon. member for York South means well, because he believes precisely in the rights of individuals, and I think it is a

part of his philosophy to protect individuals against abuse of government authority.

Such a concern is worthy of praise in general. I also believe one must not carry it too far and that community rights will nevertheless always come before individual rights. I think that if that reasoning goes too far and the government is deprived of the means at its disposal to protect society against security risks, then the whole common good is liable to suffer disastrous effects.

I believe the appeal board will surely have a part to play in the case of immigrants of merit, the ones that have been carefully selected; I think those immigrants are a real wealth for this country. I am going to add a comment that runs counter to standing orders, Mr. Speaker, but I wish to point out to the minister that publicity should probably be emphasized so that the public understands very well the value of selective immigration in this country. Unfortunately, people are unaware of it. People still think that immigrants come here to fill jobs and cause unemployment in this country, which is not true.

I believe the minister should accede to the requests of those organizations which call for the establishment of reception committees for immigrants, try to create a better atmosphere, to prepare for them a propitious psychological climate and follow them afterwards, during the first months and the first years, to help them become Canadians as soon as possible and as well as possible. I think that in the case of the normal immigrant, great importance should be attached to the human considerations I mentioned a while ago.

• (6:20 p.m.)

Mr. Speaker, I feel that in the case of security risks, the government must be allowed at least some discretion. Let us not require of the government that it make public, for instance, its methods of investigation, with the result that once more the members of the underworld, or the mafia, whatever you would call it, will resort to every possible means to protect themselves against the machinery the government uses to protect the commonweal.

I am of those, who have yet to understand why the member for York South (Mr. Lewis) and his colleagues, at the beginning of the session last year, insisted on defending Victor Spencer who, to my mind, seemed quite content with the way he had been treated and who, once again, as far as one could see, was forced to a certain extent to demand a

new investigation. I wonder if all that did not contribute to hasten his death, although he was ill already. Still, I feel that this matter of protecting the individual against the state is being overdone, carried too far, exaggerated. It must not be pushed to the point where troublemakers, security risks, wrongdoers, notorious gangsters, members of the international mafia, are shielded against the legitimate protection the government wants to give the public.

Mr. Speaker, I cannot imagine any government, regardless of the party in power, trying to lessen the chances of any acceptable immigrant to settle in Canada.

We may have different concepts of the commonweal, but I for one still believe in the principle of authority and not in the abuse of authority. I do not believe in despotism nor indictature, but I believe that democracy must accept certain barriers, certain limitations and decide on the authority it has chosen and established legally. Let it have at least the power to use this authority for the commonweal in cases as extreme as security risks.

Mr. Speaker, I feel that the hon. minister could do more as concerns departmental employees at the lower level, for instance, officers in various centers who, it seems, have not received proper training and who seem to lack the necessary tact in matters relating to human considerations such as those involved in accepting immigrants to this country. Some of these officers seem to take the liberty of giving a personal interpretation of government policy, sometimes applying regulations with excessive authority. I am not saying this is a crime, I am not saying this has taken scandalous proportions so far, but I feel that those who mentioned earlier that human factors had to be taken into account were right in doing so.

It might be advisable to submit immigration officers to periodical instruction, having them particiapte in forums at regular intervals, so that they will become aware of the fact that the problems they are dealing with are related to an individual with a family and relatives, who has his life to live and who, therefore, must be treated with great consideration.

It sometimes happens that these people are detained in intolerable conditions. While I am not calling this crime, I feel it must be said, and the hon. minister surely must have given it some thought, even though he has not had time to take action so far.

I have in mind a specific case which I do not want to detail here, in order not to impose upon the patience of the house, but where, it seems to me, a local immigration officer took a certain attitude which I do not think the minister would endorse eventually.

That is to say, Mr. Speaker, perhaps the bill now under consideration is not perfect; indeed, I do not think we will ever see any perfect legislation in this house, even though one is convinced this is the best parliament there ever was. There will always remain differences of opinion about the ways to correct situations. I believe that, generally speaking, it is good, provided that emphasis is placed on this human aspect of the problem and things are not carried too far. And I want to repeat this so that the hon. member for York South (Mr. Lewis), who is here, may realize that there is nothing mischievous in my approach, but that I differ with him as regards the defence of those people known as security risks. Let us not go so far as to take away from the government every weapon at its disposal, for it is its job to protect the common good. I suggest that from that point of view, democracy must not deprive the legally elected representatives of the people of the authority they need to act, to act well and quickly.

Besides, if there should be excesses, Mr. Speaker, well, we are 265 here and surely someone would realize it some day and we would hear about it. I believe I know enough people in this chamber who are diligent and who are aware of all these problems, that it would not take long before we hear about it and before the minister in fault would be tried promptly.

That is to say, Mr. Speaker, as a matter of fact, even if I associate myself with certain constructive criticisms that have been made and which the minister will probably take into account in the practical administration of the act, I am one of those who will vote in favour of the bill before us, which provides for the establishment of this Immigration Appeal Board.

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. Perhaps the hon. member for Regina City, who is about to rise, might permit me at this time to inform the house that the questions to be raised on the adjournment proceedings this evening are as follows: The hon. member for Sherbrooke (Mr. Allard), External Affairs—request for bilingual personnel in Canadian embassies; the hon. member for Brome-Missisquoi (Mr. Grafftey), Housing—meetings of study groups respecting shortage; the hon. member for Kootenay West (Mr. Herridge), Canada Law Reports—sale price of.

IMMIGRATION

PROVISION FOR ESTABLISHMENT OF APPEAL BOARD

The house resumed consideration of the motion of Mr. Marchand for the second reading of Bill No. C-220, to make provision for appeals to an Immigration Appeal Board in respect of certain matters relating to immigration.

Mr. K. H. More (Regina City): Mr. Speaker, it is not my intention to take very long in making my remarks because I am anxious to see the bill reach the committee stage so that we can discuss it clause by clause. Generally speaking, in my experience in dealing with matters such as are covered by this bill I have received excellent co-operation from the staff of the department, the various officers and the minister concerned with these problems.

I believe we must realize that the departmental officials are faced with limitations which have been established under the law and by practice. When these cases reach us, in most instances they have been considered by the departmental officials. If after reviewing the file we find that in our opinion some legitimate representation can be made, it must be remembered that it is not because of lack of co-operation or lack of consideration by the departmental officials that we refer cases to the minister's office or to the office of his parliamentary secretary.

In our discussion of the bill I believe all of us have benefited from the fact that three former ministers have participated in the debate. I should like to say how pleased I was that the hon. member for Matapédia-Matane (Mr. Tremblay) took part in this debate. I found him to be a very responsible minister. He had to leave the cabinet because of a disability. I am pleased to see him back in the house and participating in this debate. While he was in office my experience was that he gave that careful consideration to these matters which benefits a responsible minister of

the department. I should like to say to the present minister and his parliamentary secretary that the same consideration has been shown by them.

After listening to the parliamentary secretary present this bill last night I wish to congratulate the minister for getting out of town and letting him introduce this very important legislation. I think the parliamentary secretary did a capable job. I cannot share the confidence he exhibits in respect of the bill because I have grave doubts whether it liberalizes—with a small "l"—the problems of these people. I believe that in fact it may place greater restrictions upon them. I shall listen with interest to the minister when he closes the debate today after hearing our representations. I have a feeling that if portions of the bill are retained in their present form the result will be to create rather than lessen discontent among Canadian citizens who are interested in sponsoring immigrants to this country.

• (6:30 p.m.)

With regard to the set-up of the board I notice that the chairman or the vice chairman and not less than two other members shall constitute a quorum of the board. As I read the bill I see no provision at all for the board to travel. I notice that travelling expenses can be paid while a member of the board is absent from his normal home, and so forth, but as I read the bill the indication is that all the hearings and appeals will be heard in Ottawa. If this is the case, I suggest to the minister that if we can afford to have appeal boards of the government travel across the country when dealing with matters of dollars only—I am thinking of the appeal boards under the Income Tax Act and the revenue act—surely to goodness when human considerations are at stake the same provision should be made so that this board when hearing appeals could go to the different centres where the appeals arise.

I am not speaking of security cases but of sponsorship cases with which this bill deals. It should be possible for the board to travel on the basis of a reasonable fee being charged that would not work hardship on the people who wish to make representations. It seems to me that in view of the growing establishment of citizenship courts the facilities of these courts might be used for the hearing of appeals by the board. The board will be dealing with cases concerning human values, they will be dealing with people who have come to Canada from other countries, have worked hard to establish themselves, made a success of their lives and contributed to the welfare of this country. I am sure that to impose burdensome costs on them when they wish to launch an appeal concerning a member of the family they are interested in sponsoring is not really the intent of the minister and should not be the result of passing this bill.

[Mr. More.]

We are not dealing with regulations changing the tariffs on goods. We are not dealing with commodities as such. We have to show in the bill that we are dealing with human beings, human values, the consciences of people and the deep emotions that are involved in families concerned in these matters.

I hope that when we reach the committee stage of the bill the attitude of the minister will be similar to that of the Minister of Transport (Mr. Pickersgill) when we were dealing with the transportation bill. I think we came out with a good bill because the minister accepted proper criticism and constructive amendments to that bill. I believe amendments could be made that would be constructive and broaden the scope of this bill, humanize it and make the work of the board much more efficient. The board could also be given much greater scope, which I believe is necessary, than is provided in the terms of the bill now before us.

I hope that when the minister closes the debate he will indicate his willingness to consider amendments to the bill. By "consider" I do not mean superficially consider them and say he cannot accept them. I hope he will seriously consider amendments that I believe can and should be put forward that will make this bill a better instrument than it appears to be in the form in which it is presented to us.

Mr. Deputy Speaker: Order. I must advise the house that if the Minister of Manpower and Immigration (Mr. Marchand) speaks now he will close the debate.

Mr. Lewis: Mr. Speaker, I wonder whether before the minister launches into his remarks I could, I suppose on a point of order, suggest to him and other hon. members that it might be sensible to suspend the sitting now and listen to the minister at eight o'clock, so that the remarks which he makes are not interrupted by the dinner hour.

Mr. Deputy Speaker: Order. Perhaps I should point out to the hon. member for York South (Mr. Lewis) that pursuant to an order of the house made yesterday, the house would suspend its sitting from seven o'clock until

eight o'clock. If it is the wish of the house to suspend its sitting from now until eight o'clock, the unanimous consent of the house will be required.

Mr. Starr: Mr. Speaker, it depends how long the minister will take in his remarks. If he can give us an indication that he will finish before seven o'clock, perhaps he could make his remarks now.

Mr. Marchand: I do not intend to go beyond seven o'clock, Mr. Speaker.

Mr. Turner: Mr. Speaker, I wonder whether when the minister concludes his remarks we could by leave suspend the sitting until eight o'clock.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Perhaps we had better wait until the minister concludes his remarks before making any decision on that point.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, my first words are to thank my parliamentary secretary who introduced second reading of this bill. I should state that I am in perfect agreement with the statement he read to the house last night. I also wish to thank the house for the way hon. members have discussed the bill and the interesting suggestions that have been made.

[*Translation*]

Mr. Speaker, I should like, at the outset, to put the bill now before the house into proper perspective.

Obviously, every one understands that a general immigration act is not involved here, but simply a very limited piece of legislation to establish an appeal board different in character from the one now in existence and to extend the rights provided for in the present act concerning sponsorship.

• (6:40 p.m.)

Those are the two purposes of this bill.

I have listened with particular pleasure to the hon. member for Parkdale (Mr. Haidasz) when he spoke of the mentally ill, of psychiatric cases. There is not the slightest doubt that I am in complete agreement with what he said. However, I believe it will be possible to deal with such cases during the discussion on the general legislation, after the white paper has been adopted by the house, not on a bill to establish a particular body.

Mr. Speaker, the bill now before the house eliminates none of the existing rights. Not only are none of the rights removed, but new ones are being added. To start with, for the first time, we will have a board which will be independent from the department.

I believe every one knows that the existing board is part of the Department of Manpower and Immigration and that it is not an independent board. In fact, its members are appointed by the minister, and as far as administration is concerned, it is entirely dependent upon the department, that is upon the minister and the deputy minister.

We are setting up a truly independent board whose members will be appointed during good pleasure and be independent from the department. The chairman will be the chief executive officer of the board; it will no longer be the minister or the deputy minister.

Mr. Speaker, the powers of this board will be more extensive than those of the previous board, in that the latter could only settle or dispose of points of law, whereas the present board will dispose not only of points of law but also of points of fact. Therefore, the board will actually have more authority and be more independent than the former one. It cannot therefore be inferred from my remarks that this legislation contains restrictions which did not exist in the former act. On the contrary, I am under the impression that this board provides guarantees that the former one could not offer under the constitution.

I have taken note of all the main points raised in the house and I think I can arrange them into groups. I am sorry, however, that I shall not be referring to each one of the hon. members who made comments in the house. The main point which struck me and which strikes all who deal with immigration concerns the human nature of immigration problems.

It is true that immigration problems, like many others within our society, are human problems. Mr. Speaker, this new and independent court will comprise two lawyers only. It may consist of more, but to show clearly that this court will not merely judge according to the law but use other criteria, most of the members of the court may be not lawyers but people from other professions. If I am to make a recommendation to the cabinet, I would make this court representative of both those directly concerned

with immigration and other social groups concerned with this problem.

The only way to obtain human decisions is to allow these people to decide, to give them full authority and jurisdiction to judge the cases as presented.

In my opinion, this jurisdiction is established by the legislation. The court will be able to judge not only legal problems, but factual problems and then make a decision according to the exceptional circumstances. It will be empowered to do so.

Will the court do it, Mr. Speaker? I cannot swear it to this house and I see no legislation which would allow anyone to swear that a human court, or even a man, will behave in all circumstances in a humane manner. The only thing is that the structure, as it is, gives all the safeguards that human problems will be taken into consideration in the field of immigration. Even if we inserted in the very legislation the word "humane", and asked the court to judge in a humane way, it might not do so, as there would be no real guarantee. We have to know whether the court can do so if it wishes; I think it could and I do not see what we could add to the bill to strenghten our purpose. In that field, I am not satisfied that the text does not offer the safeguards announced in the statement made yesterday by my parliamentary secretary (Mr. Munro).

I should like to say now that, with two specific exceptions mentioned in section 26, the minister retains all his rights; in other words, he will have the power to admit into Canada, by virtue of a permit or under his own authority, people who do not strictly comply with all the conditions spelled out in the act. He will still be able to do so; this ministerial privilege has not been taken away from him. The only privilege withdrawn from him is that of reversing a decision taken by the Immigration Board, as it is, or modifying such a decision. Otherwise, the minister has the same powers as before, and he may, on humanitarian grounds, accept into Canada people who, normally under the act, would not be admissible.

Therefore, even in that respect, Mr. Speaker, I do not think we are worse off than before. I would say to the hon. member for Hamilton West (Mr. Macaluso), who said that he was afraid just the same, that I do not see how we can legislate against someone's fear. I try to understand the reason for it and I do not see how we can give greater protection than this.

Now, in the field of sponsorship, Mr. Speaker, we are making an experiment. It must be realized that Canada is, to my knowledge, the only country in the world which gives such a legal right as that granted in Bill No. C-220. I know of no other country which allows its citizens to sponsor by right people, non citizens, with an appeal before the courts, and even up to the Supreme Court, on a point of law. That is surely an innovation.

Now, we can be told, and we have been told, that we could go further. I think there is no harm in saying here, Mr. Speaker, that we would like Canadian citizens to have the right to sponsor all the people that the landed immigrants, as defined in the white paper, can bring into Canada now.

Take the white paper for instance. Look at the category of people that the landed immigrants are allowed to bring into Canada. Well, citizens will be able by right to ask that those people come to Canada. This is only an experiment. We prefer not to include it in the act because we can easily extend it in the future, if the results are satisfactory. How many people will come under that arrangement? We have no idea, however we believe that we must try it with one category of people and then go further if the experiment is successful and if there is need to. Therefore we are not removing any of the present rights included in the act. The immigrants and the citizens will have the same rights they had under the former act.

• (6:50 p.m.)

We are simply adding that legal right to bring someone in, a legal right with appeal before an arbitration board which decides on the case.

The hon. member for Carleton (Mr. Bell) pointed out a legal heresy allegedly found in the text. Since he is a lawyer and I am not, I must admit that I cannot give him an answer. The fact that at one point the minister is acting in contradiction with one of his own officials does seem a bit strange. I cannot say if it is really an illegal or incongruous provision. In any case, it is a matter that can be studied.

Mr. Speaker, there is another very important matter, namely the security cases. The hon. member for York South (Mr. Lewis) dealt with that and I think that personally all the values he mentioned are as dear to me as they are to him. I know what he is aiming

at, but nevertheless, there are problems that he cannot ignore and could not overlook even though he were in my present position. In matters of security—I do not think I am revealing any secrets—but in any case, everybody knows that we obtain a great deal of information from sources which would soon dry up if we brought such information before the court. As soon as we would make use of that information in public, its source would dry up overnight. Such is our problem.

I thought that we might at a given time have some evidence accepted in camera and even, eventually, deny admittance to certain persons, if you like, in order to protect our sources of information, but then, this would be a mockery of the law, and I would rather have none of it. Of course, the responsibility lies with the minister. But in order that the discretionary power be as restricted as possible, we decided upon this certificate, which would require the signature of two ministers. Thus, at least two ministers would see the file and the rights of the individuals would be protected to the greatest possible extent. Now, in that connection, I may not be ready to die for that formula, but I feel it is my duty to tell the house that I am forced to protect what I referred to a while ago.

An inquiry on security is now under way in Canada. That problem will doubtless be discussed. We may eventually find a way of conciliating the rights of the people, the security of Canada, as well as the sources of information which no police force can do without, whether it be in communist, socialist, capitalist countries or any other, including those governed by dictators. In any case, that is the problem we have to face; we have not found a better solution because we are unable to do so. Now, when we discuss the bill clause by clause, if a workable suggestion is made in this connection, guaranteeing what we want to guarantee, I will be the first to accept it. However, it is not easy to do so at the present time.

Mr. Speaker, many other points have been raised. I will take them up when we examine each individual clause of the bill. I simply wish to say that the object of the bill is the establishment of a court which will be independent of the government, the minister, the department itself; in my opinion, the bill does precisely that.

Now, I was asked to be flexible. Just to show how flexible I am, Mr. Speaker, my first gesture will be to inform the house that, when the bill comes up for consideration in committee of the whole, I will move an amendment to clause 10 (1), which provides that the chairman of the board may delegate the powers of the board to any member.

I feel this power should not only be given to the chairman, but to all members of the board, since a designated member will exercize the powers of the board itself. I feel it is only natural that the board and not exclusively the chairman, should delegate its powers.

I also intend to move an amendment to clause 28, which enables a special inquiry officer to review and reverse its own decision, in order to provide for more flexibility in the text.

Mr. Speaker, I would like to move an amendment to clause 15—

Mr. Lewis: What is the number of the clause?

Mr. Marchand: The new clause 28, Mr. Speaker.

Now, I should like to move an amendment to clause 15(2) so as to empower the appeal board to allow a person under a deportation order to remain in Canada. If it is so decided, if the board feels a person can remain in Canada, it can also decide, under the same principle, that a person involved in that appeal may come to Canada, that is, not only will a person be allowed to remain in Canada, but, under the same principle, the person concerned by the ruling will be able to come to Canada from outside the country.

Mr. Speaker, I intend to move those three amendments when we shall study the bill clause by clause.

Many of the questions raised are more relevant to the white paper and to the general immigration policy that to the bill now before us. In due time, we shall have, no doubt, the opportunity to discuss this matter.

At any rate, I feel the bill ensures additional rights, provides guarantees and is worth a fair trial.

Some hon. Members: Hear, hear.

[*English*]

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Batten in the chair.

Establishment of Immigration Appeal Board

The Chairman: Order. House in committee of the whole on Bill C-220, an act to make provision for appeals to an immigration appeal board in respect of certain matters relating to immigration.

On clause 2—*Definitions.*

Mr. Bell (Carleton): Mr. Chairman, I was prepared to go ahead but I understand that the Minister without Portfolio wishes to call it seven o'clock.

Mr. Turner: Mr. Chairman, I think it was the feeling of the house before the minister spoke that we might adjourn the committee, by leave, until eight o'clock.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

The Chairman: Pursuant to an order of the house passed yesterday, I do now leave the chair. The committee will resume at eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: When the committee rose at seven o'clock it was considering clause 2.

Mr. Bell (Carleton): Mr. Chairman, seldom have I heard a more useful and pointed debate on second reading of a bill than that which occurred this afternoon. It was a debate which defined, I think, three basic areas of disagreement with respect to the principles of the bill. I venture to suggest that on clause 2 we should come to grips with these three basic principles.

On all sides of the house there is unanimity of opinion that a new Immigration Appeal Board should be established. There is undoubtedly a desire that that board should be genuinely effective, and that in the administration of immigration procedures and laws it act with that degree of human understanding and compassion which I think is essential.

Some of us on this side of the house feel that the bill, as drafted, is too rigid and too inflexible. It does not permit that degree of warm-hearted administration so necessary in immigration matters.

[Mr. Marchand.]

The first area where some of us disagree with the minister has to do with the powers of the Immigration Appeal Board, and what it may do on an appeal. On this side we feel that the powers of the board are much too restricted; that they are too legalistic; that here it is purely a matter of an appeal from the special inquiry officer, with the ordinary rules of appeal applying, and with little opportunity for the board to consider other factors not directly related to the legalistic approach. This is evident when we find that the board can only allow or dismiss the appeal. If it dismisses an appeal, deportation is ordered. When deportation is ordered a clause in the bill permits the order to be suspended or stayed. This is permitted in two circumstances—and here I refer to a person who is not a permanent resident. It is permitted where there are reasonable grounds for believing that if the order is carried out the person concerned will be punished for political activities in his country or will suffer unusual hardships. An example is deportation behind the iron curtain. That can be most difficult, particularly where a man has deserted from a ship.

The second situation is where exceptional circumstances exist. The use of the expression "exceptional circumstances" in that context, leads me to believe the the board would interpret those circumstances as *ejusdem generis* with the other circumstances involving activities of a political character, or where unusual hardships will arise. It will be the rarest type of case where there would be a stay of the deportation order.

• (8:10 p.m.)

Of course, once a stay is granted it might be extended and ultimately the board might make an order to admit the person as a landed immigrant. It would seem to be much preferable that this question should not be approached in such a negative way but that the board should be given authority to grant immediately the status of a landed immigrant to a man who appears before it as an appellant, if the circumstances are right. This is a positive approach. It would not simply be a case of staying the deportation order and subsequently, perhaps years later, admitting the man as a landed immigrant. By doing as I suggest we could remove all the suspense and anxiety felt while the fear of deportation was hanging over a man's head. This is the first area of disagreement. We on this side of the house would like to see the board given a positive right to make an order when a case

is before them, granting landed immigrant status at that stage.

The second area of disagreement relates to appeal by sponsors. Many of us on this side have the feeling that what the minister is granting with one hand he is taking away with the other. He says there will be an appeal. But he limits the right of appeal to those classes of relatives which the governor in council may prescribe. He says that if this is not so restricted, the board will be swamped with appeals. I must say that if they are legitimate appeals and if their number is likely to swamp the board, the board should be expanded so that it is able to deal with all the appeals which will be forthcoming. I do not want to see this back-door method used to restrict the concessions which are made in the bill—the process of going behind the doors into the cabinet chamber and saying "Today we will cut out this class of relatives". I do not think this is good enough.

Right of appeal is confined to Canadian citizens, but in the present circumstances a landed immigrant has the right to sponsor a relative. However, he has no right to appeal under this clause. Mr. Chairman, as long as a landed immigrant has the right to sponsor I suggest he should have the full right of appeal, exactly as everybody else. When he is under the shelter of the laws of this country he should enjoy every right that they provide.

I hope the restrictions that the minister proposes to establish in relation to sponsorship, confining the privilege to Canadian citizens, will not be adopted finally, and I am concerned that this clause should confine itself entirely to Canadian citizens. I repeat my concern with regard to the power to confine appeals to certain classes of sponsors as a result of executive action which undoubtedly will be taken on the recommendation of the minister of manpower and immigration concerned.

As one looks at the procedures proposed in the event of appeal, it becomes apparent that in fact there will be no necessity for appeal in cases involving sponsored immigrants who meet the requirements of the Immigration Act and the regulations. I am satisfied that generally speaking the department administers the sponsorship procedures fairly and honestly. The department does not try on frivolous grounds to deprive people who are eligible for sponsorship of their rights. Therefore it is my view that unless some discretionary power is placed with the board the provisions of the bill for appeal in relation to sponsorship will be virtually meaningless.

The minister knows that the appeals which are made to him today on behalf of sponsors are for the exercise of discretion and judgment in relation to applicants who do not meet the requirements in full. Occasionally the minister may have to turn a blind eye when he is satisfied that a person who may not meet the full requirements of the regulations may yet become a good Canadian citizen. What I fear is that the appeal procedure will turn out to be of very little value.

The third principal area of disagreement which was defined during second reading this afternoon related to the handling of security cases and cases where there is a criminal intelligence report. This is perhaps the most difficult of all the areas. All of us can understand—and one who has been a minister himself can readily understand—the problems which are involved. But I have certainly never been satisfied with the provision in relation to security as far as the old Department of Citizenship and Immigration was concerned. I have said in this house before that had I remained in the department there would assuredly have been changes made in the procedures, especially the procedure relating to citizenship.

I believe that the procedure which the minister is now advocating—simply the presentation of a certificate signed by himself and by the Solicitor General—is just not good enough. I do not believe one can deal with people on that basis. The minister is opening up the procedure, but it still does not conform to what I believe to be natural justice. I know that the sources of security information cannot be disclosed to an appellant; to disclose those sources would in many cases make it impossible to secure information at all. But I say there must be an examination by an impartial tribunal. As I recollect it this is what was advocated by Mr. Joseph Sedgwick in his report. He considered this problem and this is what he had to say:

> In making their decision the board will have to be made aware of, and take into consideration, any adverse security report. For reasons already stated, it will not be possible for the board to disclose the report to the applicant. The result will be that in some cases where an appellant might otherwise have been successful he will fail without having had the opportunity to challenge the grounds upon which the adverse decision is based. As a matter of general principle this is not a desirable course of action, but in the context of national security I am convinced of its necessity and justification.

Mr. Sedgwick was suggesting that this information should be available to an independent and impartial tribunal—the board itself. I think that if we were to follow the channel which Mr. Sedgwick indicates we would at least reach an interim solution until such time as the royal commission on security under the chairmanship of Mr. Max W. Mackenzie presents its report to parliament. I trust that this field of security information in relation to immigration and to citizenship is one in which this royal commission will dig and delve very deeply indeed.

• (8:20 p.m.)

These are the three basic areas in which differences of opinion have developed during the debate this afternoon. I propose, as we come to the appropriate clause, to move certain amendments. I had hoped to give notice of them before the dinner hour so as to give the minister an opportunity to consult with his officials, but perhaps he will permit me to give such notice now. This will give the minister an opportunity to consider them at the appropriate time.

In dealing with what I call the first basic area of disagreement I propose to move an amendment to clause 14, a copy of which I will send to the minister, to the hon. member for York South and to others who are interested. The amendment reads as follows:

That clause 14 be amended by numbering the present clause as subclause (1); by striking out the word "or" in subclause (b) in line 4; by substituting a semicolon for the period in line 7 of subclause (c) and adding thereafter the word "or"; by adding subclause (1) (d) as follows:

"(d) making an order pursuant to subsection (2) hereof."

and by adding subclause (2) as follows:

"(2) In disposing of any such appeal, the board shall have authority, in its absolute discretion,

(a) to make an order authorizing the landing as an immigrant of the appellant, notwithstanding anything in the Immigration Act, if the board is of the opinion that it might be anticipated reasonably that such person would become a satisfactory Canadian citizen;

(b) to make an order granting the appellant the right to enter Canada or, being in Canada, to remain therein for such probationary period as the board may determine and to renew any such order from time to time or to cancel, rescind or amend it, or at any time when such person is on probation, to make an order pursuant to subsection (a) hereof;

(c) to make an order permitting the appellant to remain in Canada for such length of time as the board may determine, if the board is satisfied that the deportation of the appellant might endanger his personal safety or security and to renew any such order from time to time or to cancel, rescind or amend it, or at any time while such an order is in effect, to make an order pursuant to subsection (a) hereof."

[Mr. Bell (Carleton).]

I recognize that the adoption of that amendment would probably require some consequential amendments to clause 15, although I do not think that they would need to be very substantial in nature. What I suggest is a direct and positive approach. I believe that the minister's approach, which is not only negative but very fainthearted, will not meet the situation and will not give the board the discretionary power which is so necessary.

In relation to what I defined as the second basic area of disagreement I wish to give notice to the minister of the following amendment:

That clause 17 be amended by substituting a period for the comma after the word "approved" in line 21 and by striking out all the words thereafter in lines 21 to 24 inclusive; by renumbering the remainder of clause 17 as subclause (1) and adding as subclause (2) the following:

"(2) In disposing of any such appeal, the board shall have authority, in its absolute discretion and notwithstanding anything in the Immigration Act or the regulations, to make an order authorizing the landing as an immigrant of the person sponsored if the board is of the opinion that it might be anticipated reasonably that such person would become a satisfactory Canadian citizen."

The effect of this amendment would be to eliminate the power of the governor in council to make regulations which would confine the class of relatives which have the right to appeal, and as well, it the would enable the board to take a positive and discretionary approach to the situation.

I confess that I have been working on a proposed amendment, which is not yet ready, to the clause dealing with the security or criminal intelligence reports. I claim no particular excellence in the amendments, except that they represent a point of view which I suggest to the minister we should attempt to meet. Let him draft them in any way he will—I have no pride of draftsmanship whatsover—but I suggest that since he himself said this afternoon that he would be submitting amendments, he demonstrate flexibility by incorporating these principles into this legislation. If he does that, then I believe we will have made a great step forward in making this legislation work to the advantage of immigrants and of all the people of Canada. If it stays in its present rigid and inflexible position, then I am afraid the future immigration administration may well prove to be much worse than it has been in the past.

Mr. Lewis: Mr. Chairman, I do not propose to repeat what I said before the dinner recess in this general discussion, but I do want to

make a few remarks, partly in comment on the minister's reply on second reading and partly and more specifically with regard to some of the clauses.

If I remember correctly, the minister said—and I agree with him—that this is a bill dealing with a narrow matter, namely the establishment of an appeal tribunal, and that all the other matters with respect to immigration in general have to wait for a report from the special committee studying the white paper, and legislation that may follow it. He said also that whatever discretionary power the minister may have under the Immigration Act he will continue to have. As I remember, he did qualify that by saying "subject to this bill", but the point that concerns some of us is that once this bill becomes law, the department will naturally and properly refer to the appeal board any matter in which there is a right of appeal under this bill, namely a deportation order or the sponsorship of immigrants in certain classes.

Any request that the minister consider the matter and apply the discretion which he may still have under some sections of the Immigration Act would, I imagine, be answered by the suggestion that instead of bothering him to use his discretion the person concerned take the road of appeal which is now provided under this bill. What concerns us is that under this bill the role of ministerial discretion is closed in practice if not in law. I find it very difficult to imagine that the deputy minister or any official in the minister's department will consider a case which can properly be placed before the appeal tribunal. It seems to me that they could very well say: This is a matter for the appeal tribunal, you had better go there for your remedy.

With regard to clause 17, the minister said that the reason for the limitation of the class of relatives in respect of which a sponsor may appeal to the board under that clause is that certain classes will be established, and he indicated what they would be. He said that if that works happily—I think he used the French word for "happy"—then we will expand the area.

As I listened to the minister I asked myself for whom it was to work happily. What are the criteria by which one decides whether the appeal board works happily? It works happily only if it functions in accordance with the rules laid down by this bill, and if it gives the parties concerned what lawyers and courts call natural justice. I do not see why the minister needs to arrogate to himself the decision—because it will be he who will make it—as to whether in fact the appeal board works happily. How will he determine whether to expand the list of classes of relatives in respect of whom an appeal may be made, or to reduce it. It seems to me that if sponsors are to have the right of appeal, all of them should have that right and I am afraid I was simply not impressed by the argument of the minister on this point.

• (8:30 p.m.)

Although they are not in typed form, because I scribbled them between six and seven o'clock while sitting at this desk, I too have amendments to clause 17 which I will either propose or put to the minister in the form of a suggestion. One of these is that the landed immigrant, as well as other Canadian citizens should have the right to appeal. I see no reason at all for having this distinction, as the hon. member for Carleton has properly said. If my memory serves me correctly—and I hope the minister will correct me if I am wrong—the white paper proposes that only persons who have been citizens for a certain period have the right to sponsor immigrants. It may be that this was the reason for the limitation in clause 17. Personally I object to that limitation, if I am correct in understanding that it is in the white paper, and I object to the limitation here.

I know for a fact—I am not dealing with theory—that in my constituency and in other constituencies in metropolitan Toronto—and I am sure members from any metropolitan area in Ontario or other parts of the country know likewise—that there are landed immigrants who have made an excellent contribution as workers in this country, many of whom have developed a business, and who for one reason or another have been here for eight or 10 years without becoming citizens or without seeking citizenship. I have spoken to many of these people. I have argued with them that they ought to seek to become citizens. More and more of them will be persuaded to do so.

Some time last year I spoke in this house on a resolution which appeared on the order paper in my name urging the government to change some of the requirements in an application for citizenship, because I am convinced that in many cases with which I have been acquainted the landed immigrant does not seek to become a citizen because the requirements in respect of language, the fact that he has to take time off work to go to a certain place, and the fact that there are no citizenship courts, frighten him. Now, however, they have the right to sponsor the kind of relatives

which fall into the classifications for which the regulations permit sponsorship. Why should they not have the right to appeal? The minister may say that if they do not have the right to appeal under this bill, they still have the right to go to him and plead for his consideration. If I understand it correctly, I believe that is the case. I think that whatever is excluded from this bill will remain for the minister to deal with at his discretion.

If there is any validity, and there is, and if there is any logic, and there is, in having an independent appeal tribunal to deal with these matters, instead of having the minister loaded with discretionary obligations—and two ex ministers have said that this is too heavy a load for the minister to carry, and I did not hear the present minister deny this—then surely there is logic in having for a sponsor one who is a landed immigrant, who is not a citizen, and who has the right under the regulations to sponsor relatives coming to Canada. I do not understand this. I do understand the reasons for some cases. I hope the minister will be able to explain the reason that the right to appeal is limited to the Canadian citizen under clause 17.

I had intended to suggest an amendment. Whether or not I will do it now in view of the amendment of the hon. member for Carleton remains to be seen. I was going to suggest an amendment that clause 17 provide no more than that a sponsor has the right to appeal a refusal of an application for admission; put a period there, and then go on to say that the board in disposing of such an appeal may either allow it, dismiss it, or render such decision or make such order as in the circumstances of the case the board deems just. This would leave the discretion with the board to deal with a particular case on the merits and on the particular circumstances and facts which are presented to it. Only then will you have a genuine appeal on the merits where the human considerations which everyone has stressed will properly be taken into account.

Mr. Chairman, the minister in his speech in reply on second reading gave notice of something which he intends to propose in respect of clause 10 dealing with the point provided for in that clause, namely that a single member may be able to do the work which the board itself is empowered to do. If I remember correctly—and again I hope the minister will correct me if I am wrong—the amendment he intended to move was that the board as a whole, rather than the chairman, would designate the member who can do that work.

[Mr. Lewis.]

I should like to say to the minister, so that he may think about it—if he considers it worth thinking about—that I have very grave doubts in my mind about whether one member of the board should be given the authority to determine an appeal. I have no objection to the other part of the clause, namely that instead of the board as a whole or even a panel of the board having to make all the inquiries and hear all the evidence, the work could be expedited if one member of the board does that job for the board as a whole. In other words, he may make the inquiry, hear the evidence and make a report to the board. I have grave doubts however as to the desirability of not only having the one member hold the hearing but also determine the case on behalf of the board. He may at his discretion refer the matter at any stage to the board; but he is the one who decides this, if I remember the particulars correctly.

I asked the minister to consider whether it is wise to have one member of the board, not necessarily even the chairman or vice chairman, not only hear the evidence but also determine the matter in final form. According to this bill which is before us, the decision if final.

I have another matter which, I am sure the minister has guessed, worries me about clause 10. This provides that the member or members shall make the preliminary inquiry or report to the board as a whole, and the board may make a decision on the report or it may hear further evidence if it so wishes. Nowhere in this clause is there any provision which states that the appellant is to receive a copy of that report. I think this is another detail which is of the utmost importance. If evidence is taken by one or more members of the board and the board is given the authority to make its decision on the report alone—it does not have to ask for any further evidence—then I submit that this clause ought to provide that the appellant must have available to him a copy of the report on which the tribunal will rest its decision. Otherwise you do not have the kind of justice which we proudly boast about in our country, and which I am sure the minister and his officials are as anxious to have as are those of us on this side of the house.

Finally, I should like to say a further word on the security matter. I have not been a member of parliament for long, and before I came here I heard—and I hope you will forgive me for putting it in this

way—the same excuse for refusing people who are charged for security reasons, with no meaningful opportunity to have their say in respect of such charge. Again, if I am correct, the minister said that everyone must understand that the sources of information are widespread, and that if any of the evidence which the department has becomes public, those sources of information will dry up immediately and the situation becomes impossible.

• (8:40 p.m.)

This is the kind of story one has heard time after time after time. I do not think there is any validity to it. I did not suggest, nor have I heard anyone else suggest, that the minister should be required to provide the person concerned with the sources of the information, the details of the evidence or the precise allegations made. What I suggested, and surely what is possible without hurting the process of security in the slightest, was that the person concerned be given in general terms the particulars of the grounds on which the action against him had been taken. Second, I suggested that he have an opportunity to meet those particulars.

Clause 20 of the bill provides that the hearings of the appeal board may, on the request of the appellant, be in camera. I for one would have no objection at all if the minister amended clause 20 to give the board the authority to hold hearings in camera in security cases. I am not interested in giving publicity to these matters. I agree with the minister that if we started dictating to the board how the evidence was to be taken, we might make a farce of the hearing. But I see no reason in the world why it should not be possible to give the person concerned an idea, in general terms, of the grounds on which the action was taken. I see no reason why it should not be possible for the appeal board to hear the appeal in camera, if it so decided, and the board ought to be given the authority to hold it in camera and conduct the hearing in any way that it found adequate and reasonable in the circumstances. Otherwise, I repeat what I said earlier today, that clause 21 is a delusion; it has no place here.

If the decision is to be made by the two ministers, let them make it. I will object to it as a bad principle, but at least let them make it. Then we will have—and this is the point—the situation wherein if the decision is made by the minister and the Solicitor General, they become responsible for it, and those of us who are concerned with these matters can go to the minister and make an appeal that he use his discretion, in the way that such appeals have been made in the past. But if the matter comes before the appeal tribunal and it is seized with it, and the minister and the Solicitor General plunk a certificate on the desk of the board, that ends the matter; there is no further appeal. I am certain the minister will tell me to go jump if, when that has been done, I come to him and ask him to reconsider the matter. The door is closed at that point.

Therefore it would have been much better, if this is what the minister intended to do, to take this provision out of the bill altogether and let the matter be dealt with by ministerial discretion, as before, so we would know who is responsible and could go to the minister and ask him to consider the case of any person who felt he had been aggrieved. But I want to make clear that I do not recommend that course. I think there is a place for an appeal in security matters, in this case as in connection with the Public Service Employees Act with which we dealt the other day, and as in other cases. I think this excuse about the drying up of the sources of information is not valid; it simply does not impress me.

Perhaps the reason it does not impress me is that I have not had to administer these matters, and there are matters that the minister and those around him know about that are not known to me. But I have exercised whatever mind and imagination I have, and I cannot for the life of me see why it is not possible to devise a simple procedure for giving the man charged an opportunity to be heard before an independent tribunal in camera, in secret—I have no desire for it to be made public—and without disclosing the sources of information but placing him on notice, more or less, as to the precise grounds on which the action was taken. We would thereby be giving him an opportunity to make his answer to those grounds, and counter them with facts regarding his behaviour and life. He has this right.

I think we also need amendments to this bill. I was going to move an amendment as a subclause to clause 19. We need an amendment that will provide that every appellant under the relevant clauses of the bill shall be provided by the minister with particulars of the grounds upon which the deportation order or refusal to approve an application for admission was based, in such manner as prescribed by the rules of the board. It is simply nonsense to tell me that I can appeal to the appeal tribunal, if I do not know ahead of

time what I am appealing against. I should not have to guess it. I should not have to rely on a letter from somebody somewhere, which may be complete or may not be complete. I see no reason why as part of the rights of the appellant—the appellant has to give notice under clause 19—in return the minister should not be required by the law to provide him with particulars of the grounds for the action against which he is appealing.

I will be prepared to suggest that perhaps such grounds should be given in such manner and in such form as is prescribed by the rules of the board, so that the board will have such rules and everybody will know precisely how to proceed. I shall repeat what has already been said, and then resume my seat. I think, as I said earlier, that the idea of the independent appeal tribunal is an extremely excellent one, but it will not be a good one in practice if we do not take some steps in committee of the whole to bring the procedures a little more in consonance with the demands of proper hearing and natural justice.

Mr. Roxburgh: Mr. Chairman, I rise at this time to say just a few words. I shall certainly not take up much of the time of the committee. However, having been a member of the immigration committee ever since I have been in the House of Commons, and as one interested in these matters, I should like to make my stand clear on immigration and the bill that is before us. Before doing that I wish sincerely to congratulate the minister, our fourth successive minister of immigration in as many years, for bringing forward at such an early date after becoming minister the white paper on immigration and Bill C-220.

Speaking about Bill C-220, I should like to enter a protest at this time that a bill as important as this one dealing with immigration, and the first time anything like this has been done for years, is not available to all hon. members because there are not sufficient copies to go around. I think this is uncalled for and I should like to enter my protest in this regard.

I have no intention, as I stated when beginning these remarks, of taking up the time of the committee, but I should like to lend my support to the over-all principle of the bill. I do not agree in detail with the hon. member for York South and the hon. member for Carleton, but they have made some good suggestions, as did the hon. member for Parkdale and the hon. member for Hamilton West. I just want to let it be known that I feel some changes should be made in the bill. I can say that during the time I have been in the house and have dealt with men in the immigration department, I have found them to be very fair. However, I have never in my life seen one civil servant make a decision against the government. They just cannot do it.

• (8:50 p.m.)

I want to congratulate the minister upon making it possible to bring about this neutral appeal board. However, I am worried about the fact that the appeal can be taken on the law alone. I am sure that during the short time the minister has occupied this portfolio he has attended a number of meetings and has become aware of feelings such as those expressed on both sides of the house this afternoon. Surely therefore he will take a broader view of this matter and take some advice from members as well as from his department. These members represent different constituencies across Canada, some of which contain as many as 50 per cent of people of European origin who, in many cases, make the finest citizens. I know there is no one here who does not admire the minister, so perhaps he will take a little advice from some of us, as well as from the members of his department.

Mr. More: Mr. Chairman, many of the things about which I spoke in a general way before the dinner recess have been mentioned by the hon. member for Carleton and the hon. member for York South. However, I am still concerned about clause 17, in spite of the minister's reply. In my opinion, this provision is restrictive. When I look at it I think of the cases with which I have had to deal since I became a member. I think of the times I have communicated with officials of the department to ascertain whether or not the facts given to me were correct and the basis upon which the denial had been made. Then, I have had to make a decision as to whether or not there was a legitimate reason for going to the minister, knowing that the officials had gone as far as they could go.

I do not suggest for a minute that every case referred to the minister's office results in the decision being reversed. This would be beyond expectation, and there is no basis for it. I have found from my experience with various ministers that the case does get a consideration beyond that which can be given by departmental officials. I do not mean that these cases have been outside the regulations

under which an official could act, but the minister's position enables him to make a favourable decision.

In looking at this clause I notice there is a reference to an application for admission into Canada of a relative, pursuant to regulations made under the Immigration Act. If there is a refusal, a person may appeal. If the board decides that person comes within the regulations made, the application shall be approved. The officials look at the matter in the same light, and they sometimes approve and sometimes deny an application. If you go to the minister you get some approvals and some rejections. I am disturbed by the limitations in the act. If we look at the statement the parliamentary secretary made we find he said that we should treat people with equality and consistently; that no law can be fair unless it provides a considerable area of discretion because sometimes there will be humanitarian or compassionate reasons for admitting people who, under the general rules, would be inadmissible. These are the things about which I am concerned.

In reply to my submissions on clause 17, the minister said it was an experiment in recognizing legal sponsorship. He said we were the only country in the world that gave this right. We set up a board that is independent and which cannot be overruled. These things are fine. However, if I knew of a case in which I thought there was some validity for an appeal, I would hesitate to say to those people, "We have a board and you should present your case to this board. The decision of the board is final."

Clause 26 reads in part:

> The minister may issue a written permit authorizing any person to enter Canada or, being in Canada, to remain therein, other than
> (b) a person in respect of whom an appeal under section 17 of the Immigration Appeal Board Act has been taken that has not been successful.

This is the particular clause of the bill that concerns me. I have not been involved in security cases, but I have been involved in cases of sponsorship. I can think of many cases which do not fall directly within the regulations. but the use of ministerial discretion has allowed the application.

I suggest that the amendments, of which the hon. member for Carleton has given notice, do enlarge the clause and permit a discretion. It is easy to say the board will give humanitarian and compassionate consideration to these things, and that they will do so with equality and consistently. I can think of another board, The Pension Commission with which we have to deal. Time and time again the position of the house with regard to it has been stated by members on both sides. It takes refuge in its interpretation of the regulations and the law.

It is for this reason I say to the minister and to his parliamentary secretary that I feel what we are trying to do is to be more flexible and provide these things; but I am afraid of clause 17. Although it appears to give some of these things, I am afraid it might not do so.

Mr. Marchand: May I say to the hon. gentleman that, as I see it, all the rights and privileges that exist under the present law are being retained. This means going to the department to appeal to the minister. Nothing is removed. However, if you come to me and I say "No, this person is not going to be accepted," you can still appeal to that board. This is an added right. We are not suppressing anyone.

Mr. More: I thank the minister for his explanation. Perhaps I have used too many words in an effort to make clear my concern. I was going to ask the minister directly if he would tell the house whether this clause removed the right to ask him to intervene in a case before it went to appeal. If it does not, then I do not have the concern I was expressing.

• (9:00 p.m.)

Mr. Gray: Mr. Chairman, I think the Minister of Manpower and Immigration should be commended by the members of this committee for the aims he is obviously seeking in his attempt to bring a greater degree of humanity and fairness into various aspects of the operations of his department. However, I think it is the duty of the members of this house to try and make sure—and in so making sure to assist the minister—that these aims are in fact carried out by this and other legislation presented by the minister regarding his departmental responsibilities.

For example, if we look at the wording of clause 17 it appears to widen the rights of sponsors by providing for further consideration of applications that are turned down. I should like to suggest to the committee what has also been suggested by other members, namely that under certain circumstances this clause as it is presently worded may in fact narrow these rights.

There is nothing in this bill that defines what is a refusal, or who should determine at what stage a refusal occurs. I think it is important to note that the minister has just

told one hon. member that as far as he is concerned there is nothing in the clause that narrows any existing rights, that takes away existing rights; that the section is designed to provide an additional right.

But, Mr. Chairman, not only is it important that the minister should make this statement in the committee at this time; he should also make sure that this is a matter of departmental policy and is an attitude which will be adopted by his officials. Because if the officials were to say to an applicant who wished to sponsor a relative, immediately after the initial letter refusing his application was sent out "That is the end of the matter; you must now go to the board", then in effect this clause does narrow or take away existing rights.

The concern of some in this regard has been allayed, at least to some extent, by what the minister has said; but before this debate is over I hope the minister will go on to assure us that in fact this will not be the approach of his department under any circumstances. I hope the minister will again assure us that there will continue to be the possibility of an administrative review of initial refusals of sponsorship applications, including a personal consideration of the matter by the minister himself.

If this is not to be the case, Mr. Chairman, and a person has recourse only to the appeal board, then as soon as the initial letter of refusal is sent out the obvious problem arises for the sponsor of having to come to Ottawa, to hire counsel to speak for him, with all the expense that this involves.

I would point out, Mr. Chairman, that the bill does not make clear—though this seems to be hinted at in some of the clauses—that the board can and may hold sittings outside of Ottawa. This is one aspect about which the minister should give the committee some assurance. It seems to me it would be unduly expensive, indeed difficult, for a person in Vancouver or in Windsor or in Halifax to have to travel to Ottawa to have his appeal dealt with. Particularly in the case of appeals by persons of foreign extraction who have not been in this country very long—even though they may be citizens—people might be somewhat fearful and concerned about having to appear before this court. If an administrative review were not available, then in the case of people who might be fearful about coming to Ottawa to face this new type of court, appeals that might otherwise have been made under some administrative procedure may not be taken, and to this extent existing rights may be narrowed.

There is another point that I should like to make at this time, Mr. Chairman. At present when somebody applies to bring in a relative from Europe for example and the department refuses the application, no reasons are given for the refusal. All the applicant receives is the bald statement in a letter that the requirements of the act have not been met. Specifically in the case of sponsors I should like the minister to explain how a person can decide whether or not he would want to appeal a case without his having some clear initial statement of the reasons the application for sponsorship has not been accepted.

Certainly this bill should make very clear, or we should be assured that the regulations will make clear, that if a sponsor does decide to launch a formal appeal he should have at the initial stage the necessary information on which to ground his appeal. There would indeed be a narrowing of rights and a deprivation of justice if an applicant were to file a formal appeal and then have his appeal turned down on the basis of insufficient grounds or facts on which to base it—grounds and facts which would not be within the knowledge of the sponsor who is appealing because the information was not made available to him at the outset.

If this clause 17 is to remain in the bill there must be at the very moment the law comes into effect a change made in the administrative procedures of the department so that the reasons for turning down an application for sponsored immigration are contained in the initial letter of refusal. Of course, I recognize there is an area of difficulty where a refusal is based on security grounds, and this may be an exception to the rule. But where reasons for refusal are based on, for example, lack of training or skill—which may be the case if proposals contained in the white paper become law—or on a lack of funds, a lack of economic strength on the part of the sponsor—or even on reasons of health of the immigrant, then these reasons must be clearly set out in the initial letter of refusal written by the department. Otherwise, Mr. Chairman, I suggest that clause 17 will have little meaning.

At the same time, Mr. Chairman, I suggest that except in the case of security matters the basic criteria on which decisions are made—I do not refer to the broad statements in the present law itself or its regulations, but to the basic and detailed criteria—should be made

available through the Queen's Printer to members of the public who wish to buy them in the same way that the equally detailed customs tariff is made available to the people of Canada who wish to purchase a copy from the Queen's Printer, or who wish to consult it in a public library. Again, Mr. Chairman, if this step is not taken then the right of appeal will not have the meaning that I think the minister wishes to place upon it.

I would point out, Mr. Chairman, that something else could possibly happen if the change I have suggested in connection with stating the reasons for refusal is not implemented at the time the bill becomes law. Some people, rather than file an appeal, may merely file a formal notice of appeal, and the board would also find itself swamped with numbers of appeals which would not be brought before it if the criteria which are generally applied by the department, and its reasons for refusal of an application, were clearly stated and made available to the applicants at the outset.

Clause 17 does not make clear that an appeal taken under it can be decided on the basis of law or fact or mixed law and fact, in the same way that appeals with respect to deportation can be decided in other parts of this legislation. It could be argued that questions of fact would have to be taken into account under the wording of clause 17, but this is not clear. Therefore one area in which an amendment to clause 17 might be made is in making clear that appeals under that clause could be heard on the basis of law or fact, or mixed law and fact.

I think there is much merit in making the provision that decisions of the board under clause 17 should take into account compassionate or humanitarian considerations, something which is not possible under the existing wording of clause 17, the board being restricted to a consideration of whether or not the requirements of the Immigration Act and the regulations made thereunder have been met. These requirements and regulations, it seems to me, do not leave much area for consideration on humanitarian and compassionate grounds, especially if the right under the present law for the minister to grant permits is eliminated if an appeal is heard by the board. This has been mentioned by another member.

• (9:10 p.m.)

I ask the minister why an appeal on questions of law with respect to decisions under clause 17 should be only to the Supreme Court of Canada. The board itself can hear questions of law and fact. Perhaps I should backtrack for a moment and say that I should not be applying my remarks at this stage only to clause 17, as it is not yet clear whether appeals under that clause to the new board can be on questions of law and fact. My remarks here should be related to the act as a whole, and include questions of deportation.

As I was saying, under clause 23 there is a right of appeal from a decision of the board to the Supreme Court of Canada, on a question of law. But the board itself has jurisdiction to hear questions of law and fact. It seems to me that if the board can make an error on a question of law, it can make one on a question of fact. This seems to be a useful area for amendments—to widen the right of appeal to the Supreme Court to take in questions of fact as well as law.

While I do not claim to have at my fingertips the rules of the Supreme Court it seems to me, if my memory is correct, that appeals to the Supreme Court involving property rights can be made on questions of law and fact. If appeals on questions of fact and law can be taken with respect to matters of property, those rights should be equally available when dealing with the rights of human beings.

It has already been noted that clause 17, as worded, limits the right of appeal to citizens. There is much to be said for extending the right of appeal to landed immigrants. I do not think it would be fair or equitable to limit the right of appeal to citizens unless and until changes have been made in our existing citizenship laws, to make sure that procedures which are uniformly fair are available in every citizenship court across Canada, and give people rights of appeal from decisions of citizenship court judges, rights which do not exist at the present time.

I can understand how the present minister and his predecessors have been concerned about the burden placed upon them by the existing powers under the Immigration Act, which give them opportunity to use discretion. As has been said by other members of the house, much can be said for a power of discretion vested in the minister, especially when it comes to considering matters of humanitarian concern and compassion. It seems to me that the burdens presently placed on the Minister of Manpower and Immigration, because of the opportunity and ability to use discretion, would be lessened to a great degree if there were sufficient highly

trained and well paid staff in the field to administer a set of fair and reasonable rules. If there were those rules and officials in the field in Canada and around the world the numbers of cases coming to the minister for the exercise of discretionary powers would decline and be limited to a relatively small number.

There have been suggestions that we move amendments to widen the proposed power of this board to deal with cases having to do with refusals to sponsor immigrants. We should be very cautious about moving any such amendments until we have answers to the questions asked by myself and other hon. members and the views of the minister as to whether the amendments that I have suggested would be useful.

I ask the minister to consider either not having this clause in the act at all, or to add a provision that it be not proclaimed until a proper order in council is passed, in order to make sure that the special joint committee of the house and Senate on immigration, which has been taking a special interest in matters of sponsored immigration, has a chance to study the implications of clause 17. That committee should first have the opportunity to study the clause and to make its report.

Some hon. members have expressed concern about clause 17 being applicable only to such classes of relatives as are referred to in regulations, made by the governor in council. It would be useful therefore if we could receive the assurance that this clause is not made available to the department, the minister, and the new board until the special joint committee presently sitting has had a chance to recommend to this house and to the other place what should be done with respect to sponsored immigration. I am sure that we would want that committee to have the opportunity to say something about this power of appeal in general.

I wish to repeat, Mr. Chairman, that I, and I think all members of the house, commend the minister upon his aims of seeking a greater degree of humanity, fairness and justice in all aspects of the administration of his department. But I think we should look very carefully at this clause, and the other clauses I have referred to that are linked to it. We want to end with something which will be helpful, instead of something that will have the reverse effect. I and other members of the house will await with interest the answers to the questions we have asked about this clause.

[Mr. Gray.]

Mr. Fairweather: I will not take many minutes to say that generally I support what has been said about clauses 10, 17 and 21. It seems to me that we should hear more from the minister about the reason for one member of the board hearing an appeal, and one member of the board designating, then, that the entire board hear the appeal. Were this to happen midway through a hearing, the full board would not have the important advantages of having seen and heard some witnesses.

I commend the hon. member for Essex West for suggesting that the appeal board be peripatetic. Such a thing has worked well with appeals under the Income Tax Act. There is no reason why this board should sit in Ottawa. Many appellants find it easier to appeal in their home milieu. Could the minister answer this question? Will the board be restricted to this city with its appeals?

Mr. Marchand: No; the board can travel. It can go anywhere in Canada.

Mr. Fairweather: That answers that. I hope the board travels. As to clause 17, I protest that only citizens have rights under this clause. From what I read, it seems doubtful that the immigration committee of the Senate and House of Commons will support that section of the white paper restricting to Canadian citizens the sponsorship of immigrants. I believe only what I read in the papers, about this. As other members have said, this situation must be cleared up by the committee, or it should be cleared up before this clause becomes the law of the land.

Referring to the matter of security, I abhor this business of ministerial certificates preventing people knowing what they are accused of. I hope that the hon. member for Carleton or other members will move an amendment—the minister might move it—that if a person is refused on the basis of a security problem, that fact will be communicated to him. I do not say that there must be full disclosure of all reasons.

• (9:20 p.m.)

I commend the minister as others have done on this reform in the law and I hope the illiberal provision now in the act, the security aspect of section 21—and it is an illiberal section—will not be continued.

Mr. Bell (Carleton): Before the minister replies perhaps it would be convenient if I were to indicate the amendments I propose to move dealing with security. When I spoke earlier in

the evening I said I was in process of drafting such an amendment. Now I have completed it and perhaps I may read it. I intend to move:

That clause 21 (1) be amended by striking out all the words in lines 5 to 10 inclusive and substituting therefor the following:

"if the board finds, on the basis of security or criminal intelligence reports filed with them, which reports the board shall keep secret but the existence of which it shall disclose to the appellant, it would be contrary to the national interest to stay the execution of the order, continue or renew the stay or render the decision, as the case may be."

And that clause 21 (2) be struck out.

I would then propose a consequential amendment to clause 20 as follows:

That clause 20 be amended by inserting the following words after the word "discretion" in line 38, namely: "or if reports have been filed pursuant to section 21 shall"

I am not proposing to argue this at the present time. I am only putting the amendments on record so as to facilitate the minister's consideration of the matter.

Mr. Wahn: Like other members I am concerned about clause 21 and hope that an amendment can be introduced by the minister which will avoid any possibility of arbitrary action under that clause.

I welcome the intention to provide an appeal procedure for Canadian citizens who are sponsoring relatives. In general I believe the departmental officials have been fair and reasonable in such cases. Nevertheless it is in accordance with sound principle that there should be provision for appeal from the exercise of this type of discretion, and I am delighted to know that this bill when it becomes law will provide for such appeals in the case of sponsored immigrants.

It is because I welcome this provision for appeal by Canadian citizens that I urge the minister to extend this right to all residents of Canada. It is possible that for some time the immigration regulations may permit persons who are not Canadian citizens to sponsor the entry of relatives, and in such cases there is no reason at all why residents of Canada who sponsor the entry of relatives should not be placed in exactly the same position in this regard as are Canadian citizens. Indeed it would be unjust to give Canadian citizens who are sponsoring relatives the right of appeal while denying Canadian residents who are not Canadian citizens the same rights. So I strongly urge the minister to extend clause 17 to include all persons who under the regulations are permitted to sponsor relatives.

Moreover I would hope that when the regulations are laid down they will permit applications to be filed in Canada on the part of persons who may be here legally, but on a temporary basis, for example as students or visitors, and who wish to become permanent landed immigrants. Presumably such persons would be entitled to obtain permanent landing privileges, provided they have the skills or the other training which will enable them to become good Canadian citizens.

If, by any chance, an application by such a person should be refused by the officials, I would suggest to the minister that the applicant be given the right to appeal to the Immigration Appeal Board. In other words, I am asking that the right of appeal under clause 17 should be extended to all Canadian residents who sponsor relatives, and further that it should be extended to all persons who are here legally on a temporary basis and who have filed an application for permanent landing. I do not think the extension of the appeal facilities in this way would overburden the appeal board. Moreover such an extension would be in accordance with sound principle, and I urge the minister to agree to it.

[*Translation*]

Mr. Goyer: Mr. Chairman, just a few short remarks on clause 21, concerning security cases.

The minister mentioned a few minutes ago that the government was carrying out an inquiry on security in Canada and that he considered it slightly repulsive to observe that someone who constituted a security case could not in any way present a defence. On this, it might be appropriate, under clause 21, if the ministers required to sign such certificate were to give a general reason for their refusal in the security case involved. It could be done in a general way, without having to supply evidence to the board, and by filing the certificate in camera, simply to enable the appellant to present a detailed defence, which would be submitted to the ministers concerned who, in turn, could re-examine the record in the light of this defence and then issue either a negative certificate, one that would cancel the first one.

In fact, there is no doubt that in cases of security, it is difficult to introduce detailed evidence to give the opportunity for a defence. But if, at least, the appellant were to get an indication of the general reason why the minister rejects the appeal, the appellant would have the possibility of presenting a

defence which might help to make a better balanced and a better informed decision.

In fact, if clause 21 is maintained as it is, once again, the basic right of any citizen to justify himself on a charge laid against him is being denied. All that is involved, then, is giving the appellant an opportunity to present a detailed defence to inform the minister and to prevent misuse of authority.

• (9:30 p.m.)

[*English*]

Mr. Marchand: Many suggestions have been made which could probably be accepted. I think that the first amendment suggested by the hon. member for Carleton, concerning the board of appeal, is already contained in the law. His wording is different and I have no objection to considering some drafting which will suit us both and will suit the house. I do not quarrel with his intention; this is what we are trying to achieve.

So far as his second amendment is concerned, this is something quite different.

Mr. Lewis: Could the minister indicate which was the first and which was the second amendment? I do not remember the order.

Mr. Marchand: The first amendment is to clause 14 and it concerns the jurisdiction of the board of appeal.

The second amendment is much more serious. I do not think it would be wise for this house to outline a new immigration policy in this bill, and this is what the hon. member's amendment is suggesting. This is the amendment to clause 17 concerning sponsorship. From the very moment that this board is given the right to accept anybody, notwithstanding the law, it will have more power than the department or parliament. I think that if the only criteria according to which a new immigrant is accepted is that he should become a good Canadian citizen, then the basic law will have to be amended so that the department will know what criteria it has to follow. Otherwise it will be operating under a restricting law, because the board of appeal will have overriding powers. In such a case it will cease to be an appeal. Clause 8 provides that a person can be admitted on humanitarian grounds. This is a very exceptional case. Apart from that case the law must be followed, and it is the law of the land. The amendment proposed by the hon. member for Carleton will give to this board more power than is given under the Immigration Act. If the house wishes that, it will have to achieve this purpose through an amendment to the act and not through this bill.

Perhaps there is good reason for extending this right of appeal, but I do not see how the law can be changed through an amendment to this bill. My first reaction to the amendment is that it would amend the policy and I do not see how this can be done through such an amendment to this bill.

Concerning clause 21 which refers to security—

Mr. Bell (Carleton): Before the minister deals with another matter could he indicate his view on whether this clause should be expanded to include the right of appeal for landed immigrants?

Mr. Marchand: I am ready to consider that, but we must be clear on this. The landed immigrants continue to have the right to sponsor relatives. We do not take away this right from them. This bill gives them the right of appeal, as well as the right to sponsor.

Mr. Bell (Carleton): We understand that.

Mr. Marchand: I think it was the hon. member for Royal who said that landed immigrants will no longer have the right to sponsor. That is not so; they continue to have that right. Perhaps I did not understand him well but I will be able to check it in *Hansard.*

Mr. Fairweather: What I meant was that there was some reference to it in the white paper.

Mr. Marchand: I think it would be wise, before modifying the policy, to wait for the white paper, at which time we can incorporate such amendments. I do not think such amendments can be made to this bill.

With regard to the matter of security under clause 21, the hon. member for York South used the phrase: "We want particulars in general terms". I wrote this phrase down because I wanted to be sure that I understood him. I do not know what he meant, but I am sure he said it. Perhaps his thinking was so fluid that this was the only way in which he could express it.

Mr. Lewis: I do not withdraw those words, because I think they make sense. One can give particulars in general terms, despite the minister's surprise. As a matter of fact I think it was the hon. member for Dollard who made the same suggestion, even though he did not use those precise words.

Mr. Marchand: I think this phrase expressed very well the state of mind of the hon. member for York South. However I know that lawyers in this house will agree with me that one cannot give access to part of the evidence, because the argument will be advanced that the appellant was only able to see part of the file and this would give rise to frustration and to a feeling that in fact he had nothing at all on which to base his appeal. If this house is to make a decision it will have to decide whether to produce all the evidence or none at all.

Mr. Lewis: Will the minister permit a question? Suppose the reason for which a person is not admitted is that he was a member of the communist party in a certain country. Is there any reason why that person cannot be provided with a piece of paper saying that the refusal of his application was due to the fact that he was a member of the communist party in such and such a country from 1939 to 1950? This is the kind of particular to which I was referring. If he obtains this information, he will be able to meet it. He may not know the evidence on which that conclusion was based but he will be able to produce whatever evidence he has to show he was not a member of the communist party during those years, if that is the truth. These are the kind of particulars in general terms which would enable a person to meet the general charge against him, with whatever evidence he may have at his disposal.

Mr. Marchand: Knowing the hon. member for York South as well as I do, I am sure that if ever a board told him that his client was refused permission to immigrate on the basis of a report to the effect that he was a communist, the next step that the hon. member for York South would take would be to ask for proof of such allegation. Otherwise he would be greatly frustrated. Is that not so?

Mr. Lewis: If I am frustrated, it will not be the first time. I will ask the minister whether he recalls an earlier debate with regard to the Spencer case when I cited to the house an actual case involving a security matter in which I was involved? If the nature of the charge were indicated to the appellant he might not get all he wants, but he would get something on which to base his defence.

• (9:40 p.m.)

Mr. Marchand: I think, in this case, the hon. member for York South has chosen his example very well and in general terms. You know very well, however, that there are some other cases which will be much more complicated. If we were to say to a prospective immigrant, for example, that he is refused because we think he is a criminal or related to the organization called the Mafia, this would be stated publicly because it would come up before the seven members of the board. They would know it, the clerks would know it and the lawyers who were present would know it. Even if it were not a public hearing this would be known. Do you think this man woud stand for that? We would have to prove that our report is well founded, and this might lead to many complications. It might even go much further than that, because if this information is revealed some man may be found murdered. I know what you want to cover and I have the same desire. This is the reason I had hoped the house might be wise enough to wait until after we have the report of the royal commission on security. I am sure the New Democratic Party will make its opinions known to that commission. Perhaps at that time we might be able to find a solution which will be satisfactory to everybody.

I do not say that we are trying to put the responsibility on one institution, because in the end we take the responsibility. The Solicitor General and I say that we make the decision. We do not place the responsibility on the board or on any immigration officer. We take the responsibility because we have seen the file. It is we who take the responsibility and say that it is not possible for the person to be admitted. We are not hiding behind the board or any immigration officer. This is a difficult matter and I am not very much at ease in discussing it. I am sure the hon. member for Carleton knows very well, and possibly better than I do, what we are referring to and the difficulties which are involved in getting around this. I do not say there are no ways and means, but it is not easy to have a reasonable law. This is the reason I think, if we are not to produce all the evidence to the prospective immigrant, that it is much better not to give him any. In any event, we are trying to go a little bit further.

So far as clause 19 is concerned the hon. member for York South mentioned that he wanted the report to be made available to the applicant. This sounds reasonable to me. I think this is what is intended. Possibly it would be a good thing to introduce this into the law. We must recognize, according to the Canadian law, that only Canadian citizens have rights; the others do not have rights.

This is the reason we have stated that Canadian citizens who wish to bring relatives or dependants here to Canada shall have the right of appeal, and not the prospective immigrants themselves.

Mr. Fairweather: Does the minister really mean what he said when he said that only Canadian citizens have rights and that non-citizens in Canada have no rights? I am sure he did not mean that.

Mr. Lewis: That is what he said.

Mr. Marchand: If you refer to landed immigrants, of course they have rights here in Canada; but those who are not here in Canada do not have any rights according to the Canadian laws. Therefore, we are not depriving anybody of their rights. To my knowledge—and someone may have other information—we are the first country to give a legal right of appeal against a department in this field. This is the reason we are endeavouring to make the experiment in respect of one class. Even the members are not in agreement concerning the consequences of this clause. One member stated that the board will be swamped and the other said that they would not have any appeals under those circumstances. The truth probably is that it would be busy as usual, but we really do not know. We have to make the experiment. I do not think the house has any interest in putting a burden on the board when we do not know whether it will be able to carry that burden.

I am ready to consider a few amendments along the lines I mentioned with regard to some other points. I do not think it is in the interest of this country to make a substantial modification. I am ready to look at this, but I say again that if the house wishes to modify the immigration policy of this country, it will have to do it through the basic law in respect of immigration and not through this special legislation, the purpose of which is to set up a board of appeal.

Mr. More: Mr. Chairman, may I put just one further question to the minister dealing with this general discussion. Earlier, in answer to remarks I made, he said that actually clause 17 was in addition to the present avenues we now have. I was pleased to hear this. However, I am looking for this in the person of another incumbent minister. I am wondering whether this is a personal assurance or whether there is anything which indicates it would be incumbent on the new minister. I do not see such an assurance in the bill itself.

Mr. Marchand: This discretionary power is given by section 8 of the Immigration Act. It is reproduced, with two exceptions, in this new bill. It appears in clause 26. There are only two exceptions to this discretionary power:

> (a) a person under order of deportation who was not issued such a written permit before the coming into force of this subsection, or
>
> (b) a person in respect of whom an appeal under section 17 of the Immigration Appeal Board Act has been taken that has not been successful.

This means that if a person appeals to the board to be permitted to bring a relative to Canada and is turned down, at this moment I have no discretion; but prior to such a procedure I have all the discretion I have now.

Mr. More: That is exactly the point on which I should like to have assurance.

Mr. Marchand: This is the reason, as I said, that the only thing this bill does is to add more rights. If a person in the first place comes to me and I say no, that we will not accept this person, then he still has the right to go to the board of appeal and have my decision reversed. This is a right which does not exist now.

Mr. Gray: In other words the minister is assuring the house that the applicant may be told that he may go to the appeal board, and he may have the impression that the right of discretion is no longer available.

Mr. Marchand: Mr. Chairman, I am not going to say here what the department is going to do in future years when we may no longer be here, although the hon. member for Essex West probably will be. It is not our intention to do that. We want to add rights; we do not want to take away any rights.

Mr. Wahn: Could the minister tell me what the policy reason is, that a person who is here legally but on a temporary basis will not have the right to appeal to the Immigration Appeal Board.

• (9:50 p.m.)

Mr. Marchand: Mr. Chairman, there is no reason that all immigrants should not have the right to appeal. In the white paper we have tried to set down a new policy, according to which Canadian citizens have more rights than landed immigrants. I do not know whether this principle will be recognized by the house and integrated into the law, but this was its origin. We think that when a landed immigrant is accepted as a Canadian citizen he should enjoy more rights than a

recently landed immigrant. That is the only reason. The question has been asked: Why not extend this provision to all classes? This is a new procedure and we want to experiment with it and know exactly the verdict of the board and what effect it will have on our policy. We want to make an experiment in this regard. We are doing it by this clause. Through order in council we can modify it and extend it to other classes. I believe we are still a democracy, and if this house thinks at any time that this principle should be extended, and political parties think this, I do not think a government would resist that pressure. This principle can be extended. We are making this experiment without taking away any rights from anybody.

Mr. Wahn: Mr. Chairman, would it not be better to write clause 17 in general terms and reserve the right of the governor in council to exclude certain classes while this experiment is continuing? If clause 17 is passed in its present form, even if the experiment proves successful the minister will not have the authority to extend by order in council the classes of people entitled to the benefit of appeal. Would it not be better to re-word the clause to provide for a general appeal for the classes I have mentioned, giving the minister authority to restrict the classes during the period of experimentation?

Mr. Marchand: This is a very good idea and I will consider it overnight.

Mr. Haidasz: Mr. Chairman, the arguments that were made earlier this afternoon and this evening hinge on the point outlined by the hon. member for St. Paul's, and I hope the minister will bring in such an amendment to clause 17.

The Chairman: Shall clause 2 carry?

Mr. Alkenbrack: Mr. Chairman, I wish to ask a short question of the minister on clause 2. I am one of those who has a French copy of the bill. Paragraph (g) of clause 2 states:

[*Translation*]

(g) "permanent resident" means a person who has been granted lawful admission to Canada for permanent residence under the Immigration Act;

[*English*]

Does this mean a landed immigrant is classed as a permanent resident? Is it presumed by the minister that a landed immigrant has gone through all the stages of the probationary period, and under paragraph (g) a landed immigrant is classed as a permanent resident?

Mr. Marchand: Mr. Chairman, I do not understand which clause the hon. member is referring to.

Mr. Alkenbrack: Paragraph (g) of clause 2.

Mr. Marchand: Because the hon. member read it in French, I did not understand it.

Mr. Alkenbrack: These landed immigrants will probably be like me, bicultural but not bilingual. My question to the minister is this: Is a landed immigrant, under clause 2 (g), classed as a permanent resident? Is it presumed that he has gone through all the stages of the probationary period?

Mr. Marchand: This is a Canadian resident as defined in the Immigration Act. It is the same thing.

Mr. Herridge: Mr. Chairman, could I ask the minister a question? What is the status of a landed immigrant if it can be proven that he gave false information to the department to obtain landed immigrant status?

Mr. Marchand: If the hon. member has a particular case in mind, I will meet with him tomorrow and study it. I cannot answer that question in general terms now.

The Chairman: Shall clause 2 carry?

Clause agreed to.

Clauses 3, 4 and 5 agreed to.

On clause 6—*Head office.*

Mr. Bell (Carleton): On clause 6, Mr. Chairman, would the minister indicate whether the intention is that there should always be one lawyer sitting with the board?

Mr. Marchand: When the board is sitting there should be on it either the chairman or the vice chairman.

Mr. Bell (Carleton): I realize there should always be sitting on the board the chairman or vice-chairman, but there is no requirement that the vice-chairman be a member of the bar. I think the intention is that on each board there should be sitting a member of the bar, but in fact I do not believe this clause carries out that intention.

Mr. Marchand: I am not sure that this was the intention, but the hon. member has a point. I thought in the first place that the chairman and vice-chairman should be barristers, but this is not indicated formally in the bill. This is something I will look into.

Establishment of Immigration Appeal Board

Mr. Lewis: Mr. Chairman, may I ask the minister a question? In answering some questions earlier the minister was quite emphatic that the board could travel. Is his advice very clear that, without saying so in the act, they could in fact travel and hear appeals elsewhere than Ottawa. If, so would there not be value in making this provision in clause 6? It is even required that the chairman and other members of the board have to live in Ottawa or within 15 miles thereof. I wonder whether it would not be better if the law spelled out the fact that the board may travel and hear appeals across the country.

Mr. Marchand: This is something we can consider, Mr. Chairman.

The Chairman: Shall clause 6 carry?

Mr. Lewis: Mr. Chairman, if the minister is going to consider the question, perhaps clause 6 should stand.

The Chairman: Does the committee agree that clause 6 stand?

Some hon. Members: Agreed.

Clause 6 stands.

[*Translation*]

Mr. Lachance: Mr. Chairman, with regard to this clause, is there any particular reason why the members of this board must live within 15 miles of Ottawa?

Mr. Marchand: Mr. Chairman, this is because experience in connection with such boards has shown that if members live very far from the capital, it is very difficult to get them together regularly, and it is the usual practice for several of these federal agencies to require that members live within a certain distance from the city, or in the city, so that they may be convened quickly.

• (10:00 p.m.)

Mr. Lachance: Mr. Chairman, are they strictly required to reside in Ottawa?

Mr. Marchand: The act stipulates that they must reside in Ottawa. However, an exception provides that the governor in council may authorize a member of the board to live within 15 miles from the city or elsewhere.

Mr. Langlois: A supplementary question. For instance, this does not exclude the possibility of members of the board coming from other areas of the country, but they must reside here?

[Mr. Marchand.]

Mr. Marchand: That is right, Mr. Chairman. The members can come from anywhere in Canada, but after their appointment, unless authorized by the governor in council, they must reside in Ottawa or within 15 miles of the city.

Mr. Grégoire: Mr. Chairman, I have only one question to ask. Since my colleague, the hon. member for Sherbrooke (Mr. Allard), suggested that the regulations were perhaps designed to prevent the minister from appointing some "young punk" from Chicoutimi, I ask the minister to assure me that such is not the case.

Mr. Marchand: If the hon. member for Lapointe (Mr. Grégoire) wants to be appointed to the board—

Mr. Grégoire: Is the minister also trying to call the people of Lapointe "young punks", as he did for those in Chicoutimi?

[*English*]

The Chairman: Is it understood that clause 6 shall stand?

Some hon. Members: Agreed.

Clause stands.

The Chairman: Shall clause 7 carry?

Mr. Bell (Carleton): I have some comments to make on clause 7, and I see it is after ten o'clock.

Progress reported.

Mr. McIlraith: Mr. Speaker, I wonder if the house would be willing to deal with a couple of items that were indicated for today, namely item 131 and item 130 which refer matters to standing committees? Item 131 is a motion to refer the report of the Department of External Affairs to the standing committee on external affairs. Item 130 is a motion to refer the hate propaganda matter to a joint committee.

Mr. Starr: Mr. Speaker, we would be prepared to pass the resolution to refer the report of the Department of External Affairs to the committee, but I think that we would have to take another look at item 130. This should be left for another time.

EXTERNAL AFFAIRS

REFERENCE OF DEPARTMENTAL REPORT TO STANDING COMMITTEE

Hon. G. J. McIlraith (Minister of Public Works) moved:

That the report of the Department of External Affairs tabled on January 28, 1966, be referred to the standing committee on external affairs.

Motion agreed to.

Mr. Starr: In view of the fact that item 132 covers an amendment to a bill now before the house which changes only the number of judges and junior judges, and since it is in the form of a resolution, we would be prepared to pass that also.

Mr. McIlraith: Perhaps we could call item 132, then.

JUDGES ACT

FURTHER AMENDMENT RESPECTING BRITISH COLUMBIA

Hon. L. T. Pennell (for the Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to amend the proposed measure to amend the Judges Act, Bill C-267, now before the house by substituting the words "eighteen judges and junior judges of the County Courts" for the words "seventeen judges and junior judges of the County Courts" in lines 7 and 8 of page 5 of the said bill, under the heading "British Columbia".

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

Resolution reported and concurred in.

The Acting Speaker (Mr. Rinfret): Is it agreed that this resolution be referred to the Committee of the Whole to be appointed to consider Bill C-267, An Act to amend the Judges Act?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we propose submitting to the house for consideration item 83 on today's order paper, item 100, item 116, item 126, item 127, second reading of the bill to amend the Judges Act, item 130 and item 122. That is the list of the business indicated last night to be considered today, plus the addition of item 122.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

EXTERNAL AFFAIRS—REQUEST FOR BILINGUAL STAFF IN EMBASSIES ABROAD

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, last Wednesday I put in this house the following question to the Secretary of State for External Affairs:

I should like to put a question to the hon. Secretary of State for External Affairs. At the same time, I should like to congratulate him on his excellent appearance on the television show called "Sel de la semaine" last night, during which he seemed to say that he never refused a well-presented request. Here, then, is my question:

In view of the grievances and suggestions made by Mr. Antonio Barrette, former Canadian ambassador to Greece, would the hon. minister or the government immediately take the necessary steps to ensure that the personnel in Canadian embassies is bilingual?

I am pleased to have the opportunity to elaborate on the problem I referred to at the time.

It often happens that Canadians travelling abroad note that the staff in our embassies is composed exclusively of English speaking persons who cannot speak French, which is the other official language of our country.

I wish to point out, among other protests in this regard, the statements made recently by Mr. Antonio Barrette, former Canadian ambassador to Greece. Mr. Barrette urged the federal government to place more emphasis, in our embassies, on the bilingual and bicultural character of Canada. Some of my constituents in the riding of Sherbrooke which I represent in this house told me of similar anomalies, noted during trips abroad. I feel, Mr. Speaker, that the hon. Secretary of State for External Affairs should take immediate steps to provide all Canadian embassies with bilingual personnel, in order that ambassadors and Canadian employees dealing with citizens of other countries may speak English and French reasonably well, in addition to other languages they may cultivate.

Our bilingual and bicultural character must be displayed outside as well as inside our country. This Canadian characteristic is a source of influence and prestige on the international level, and it will likely greatly improve our relations with French speaking countries.

I understand that, at the present time, the application of Canadian bilingualism gives rise to difficulties in some countries and with respect to certain employees. But despite past obstacles and carelessness, the federal government must spare no effort to encourage Canadian bilingualism in our embassies and

henceforth appoint to senior positions Canadians who assert themselves as bilingual, besides speaking the language of the accreditation country.

• (10:10 p.m.)

The minister should also try to appoint more French Canadians as ambassadors. The African and particularly the South American countries would appreciate such Canadian representatives, often because of a common Greco-Latin culture and the French language which is predominant in several of those countries. If the representatives we sent there speak only English, Canada is putting itself at a disadvantage in psychological and fraternal relations.

For example, I remember that in June 1966 the hon. minister for external affairs announced the appointment of nine high commissioners and ambassadors of whom only one, Mr. George-Marcel Olivier, appointed to Indonesia, was a French Canadian.

In this connection, the federal government should distribute foreign aid better and not favour almost exclusively the English speaking countries of the commonwealth.

Canadian foreign aid hardly reflects the bicultural character of our country. In 1965, of $173 million given by Canada to underdeveloped countries, $99 million went to Asian countries, belonging to the commonwealth. On the other hand, 19 African countries where French is spoken received only $5.5 million from us in the form of gifts, and only $2 million in loans. We gave nothing to South America and our loans to those countries did not exceed $10 million.

These facts, Mr. Speaker, show the lack of effort by our government to extend Canadian bilingualism to our embassies, which is so necessary, and to encourage French-speaking countries materially.

I hope the hon. minister or his parliamentary secretary will recognize that the situation must be corrected and that he will announce some appropriate measures in a few moments.

Mr. D. S. Macdonald (Parliamentary Secretary of Secretary of State for External Affairs): Mr. Speaker, the hon. member for Sherbrooke (Mr. Allard) deserves to be commended for the interest he takes in the important question of Canadian representation abroad. This representation, we all agree, should consist of the most able and the most representative personnel having in mind the cultural variety and richness of this country.

[Mr. Allard.]

It is no doubt because such a need has always been recognized that in the past the Department of External Affairs in its diplomatic service has reached, before most other government services, a high degree of bilingualism and of representation of our cultural variety. Of course, the need referred to by the hon. member for Sherbrooke is today, better than yesterday, universally recognized, and this permits renewed efforts which have been made and will continue to be made to improve the situation.

At the present time, from 20 to 25 per cent of the diplomatic officers with the Department of External Affairs have French as their mother tongue and 35 per cent are certainly fluently bilingual. Indeed, it may be said that 50 per cent or more of our officers are bilingual, including those who are in the process of becoming fully bilingual.

But no one wants to leave it at that. All the new recruits, of which there were 50 in 1966, who are not bilingual at the start of their service, are sent full-time, for four months, in the preliminary stages of their training, either to the French or the English schools of the Civil Service Commission. This applies to the middle as well as the higher echelons. Similarly, division or branch heads, are also sent either to schools of language in Ottawa, for full-time courses at St. Adèle or for a full year in Quebec city.

The member for Sherbrooke mentioned Canadian ambassadors to Latin America. He knows already that out of 13, five claim French as their mother tongue. In French-speaking Africa, Canada is represented in 15 countries, either directly or through non-resident accreditation, by eight heads of post, three of whom have French as their mother tongue and others are fully bilingual.

[*English*]

HOUSING—MEETING OF STUDY GROUPS RESPECTING SHORTAGE

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, yesterday I asked the Minister of Labour whether, in view of the deteriorating housing situation in this country, the proposed symposiums across the country would be held sooner than anticipated in order that we might get action earlier than planned.

Let me say briefly, sir, that Canada's current housing shortage is a national disgrace. Our country is said to have the second highest economic standard of living in the world,

yet a large part of our people remain ill-housed. This problem should have been studied months or years ago. This was not done and as a result hundreds of thousands of Canadians are today looking for a decent roof over their heads. Instead of acting, the Minister of Labour (Mr. Nicholson) criss-crosses the country holding study groups and symposiums and trying to pass the buck to the provinces. The Canadian people want action today and it is action they should have, not study groups and symposiums.

It is delaying tactics of this kind which create disillusion and cynicism in the public mind. What is the problem? Right now, Canadians in the lower income brackets are faced with a real crisis. At the same time, in many areas of the country Canadians in the middle income brackets cannot find homes in which to live. People are flooding into our cities. Recent figures show a record upsurge in immigration. Young married couples born in the immediate postwar period are looking for homes.

Last year in Toronto the average price of a new house was $29,000, while in 1965, we see that 85 percent of the home loans financed by the federal government went to individuals with annual incomes of over $5,000. Where does this leave the low income worker? The answer is—it often leaves him living in squalour, amidst urban blight in the run down centres of our metropolitan areas. Such poverty amidst plenty must be stopped. It will not be stopped by holding cross-country symposiums.

In 1967 housing starts, instead of increasing over 1966, are falling off badly. The winter period is half over and cross-country study sessions have taken the place of the immediate action we need.

Most countries in the western world regard home ownership as a welfare and social matter. This is proper. The right to a decent home is fundamental in 1967. Home ownership should not be attached to fiscal and monetary considerations. In Canada we turn government participation on and off and use housing policy as a fiscal and monetary instrument. I maintain that we must put an end to this retrograde attitude.

I believe that every Canadian family should have the opportunity to own a home or to enjoy the right of adequate rented accomodation. Today in Canada there is a housing shortage. The problem should have been studied months and years ago. Action is needed, now; yet this dinosaur, right wing minister crosses the country holding symposiums and the government tries to pass the buck to the provinces. In any modern state responsibility rests with the federal government to get things done in the housing field and I cannot believe for a moment that the parliamentary secretary, who knows what I mean by social welfare measures, will defend in this house tonight the kind of symposiums which are being held today when it is action we need.

The policies which are required should be realized in co-operation with private industry, provincial authorities and municipal authorities through practical measures which I shall enumerate. These are practical measures, not symposiums; the government already knows about them and we have talked about them for years. These are measures to encourage intensive research into new methods of building lower cost housing, and further research into co-operative building and ownership.

• (10:20 p.m.)

We suggest the federal government should take an active part in meeting this problem in the following ways:

1. By eliminating the 11 per cent sales tax on building materials.

2. By exempting from taxable income an amount up to $500 for school and municipal taxes.

3. By extending the original Progressive Conservative legislation providing low cost long-term loans to municipalities for sewage treatment projects and anti-pollution measures.

4. By the establishment of a municipal capital availability fund for purposes of long-term low cost loans.

5. By extending direct C.M.H.C. loans to include those who today cannot qualify for reasons of insufficient income.

6. By increasing direct loans for older housing and especially where housing shortage exists.

7. By making group mortgage insurance available to all N.H.A. mortgage owners.

Do we need symposiums and cross country tours when this is the kind of action we should take? What about low cost rental housing?

We suggest measures:

1. To provide low cost long-term federal loans and to provide a higher federal share of capital costs and operating losses.

2. To co-operate with the provinces and the municipalities in the setting up of minimum

standards or ordinances for rented accommodations, and to provide incentives for both urban and rural municipalities which fight blight and decay in housing by such ordinances.

3. To provide long-term loans to municipalities for the acquisition of land for housing and or recreation purposes.

4. To provide such incentives as are fair to encourage the investment of capital in house financing.

These are just a few of the things which must be acted on today. What does the minister do in the face of the housing crisis? He passes the buck in the most cynical way by going off on a cross country junket in the middle of the winter to discuss the problem with provincial and municipal authorities. This is the kind of delaying tactic which creates disillusionment with political institutions and modern governments and cynicism on the part of the people.

I cannot believe for a minute that the parliamentary secretary, who is attuned to the welfare needs of the people in 1967, will get up in the house tonight and defend the irresponsible action of his right-wing 19th century minister. Let him get up in the house and say that houses will be built in 1967 so that the hundreds and thousands of Canadians who are looking for homes will have them. Let him assure me that when I bring up this question day after day all I will get will not be laughter from the front benches. I mean business, and we are here to listen to what the parliamentary secretary will say in terms of what will be done to encourage home building in 1967. I hope he will not get up and read statistics when hundreds of thousands of Canadians are looking for homes.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I am sure the hon. member, who made such a very objective speech, realizes that I am limited to three minutes. However, I would invite him to debate the subject with me the next time the estimates of the minister are before us, or on another appropriate occasion.

I listened with a great deal of interest particularly to the beginning of his speech hoping that he would be as objective and sincere as he pretends to be about the problem of housing. To refer constantly to the minister as the right-wing dinosaur indicates to me at least that the member's appeal is not a sincere one, but just a desire to seek more publicity in the newspapers now that perhaps some of his other activities are not as prominently publicized as they were hitherto.

Mr. Grafftey: That is not worthy of you.

Mr. Mackasey: I am not too sure what the difference is between a junket in the middle of the winter and a junket in the middle of the summer but it is obvious that the hon. member does not understand the reasons for the minister's tour across the country. I am rather appalled at the fact that a member who stands up in the house as often as he does and speaks about the sanctity of the B.N.A. Act refuses to realize tonight that housing is essentially a provincial matter, whether he likes it or not.

The reason the minister is touring the country is to make the provinces aware of the different clauses of the National Housing Act, of which up to date many provinces have been reluctant to take advantage. The result of one of these "useless symposiums" as the hon. member likes to call them, was to convince the province of Quebec to set up a housing corporation when that legislative assembly gets an opportunity to do so. If this is useless in the opinion of the hon. member, then I will not be able to convince him in three minutes. However, I would remind him of the fact that 90 per cent of the suggestions which he advanced tonight are already incorporated in the National Housing Act.

This proves what I have long suspected. He has never read it and is not interested in it. He is motivated by political partisanship and a wonderful opportunity to castigate the minister when he is not here. I will let the minister answer the charge of being a right wing dinosaur, and I am sure he will find suitable adjectives to use in his reply. The fact that the hon. member is now walking out is further proof that his whole motivation in asking the question was to seek undue publicity at the expense of the senior citizens.

CANADA LAW REPORTS—DIFFERENCE IN COST TO LAWYERS AND GENERAL PUBLIC

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to say a few words in this inspired atmosphere. In perusing the report of the Auditor General to the House of Commons for the fiscal year ending March 31, 1966, I noted that Canada Law Reports were sold to certain persons for $5 while the charge for a subscription through the Queen's

Printers promotion sales department is $15 to all other Canadians.

Naturally, in view of the fact that the New Democratic Party is opposed to any form of discrimination on the basis of race, creed, sex or legitimate vocation, my democratic hackles were immediately raised by this gross discrimination against the ordinary people.

This discrimination also has been noted by the press. For instance, Mr. Maurice Western, who writes philosophically about the achievements and failures of mankind, nations and governments, recently wrote a column on the Auditor General's report and particularly noted the losses to the taxpayer from the sale of the Canada Law Report to the legal profession, although this loss previously had been brought to the attention of the government by the Auditor General.

In support of my argument, I should like briefly to quote from the Auditor General's Report, which is well worth anyone's serious study. This is from paragraph 117 at page 71:

> Losses resulting from the sale of the "Canada Law Reports": The Canada Law Reports are periodicals covering proceedings of the Supreme Court and the Exchequer Court. They are prepared for the benefit of the legal profession and distributed by the Queen's Printer in two volumes per issue (one for each court's proceedings) with ten issues per year.
>
> In accordance with agreements between the Crown, represented by the Registrar of the Supreme Court of Canada, and various law societies in Canada, copies are provided free of charge to officers and libraries of the societies and to judges and court officers, while members of the societies are supplied with copies at an annual rate of $5 per member which is payable by the societies. This subscription rate of $5 is based on a 1962-63 direct printing cost of $4.43 per subscription. It should be noted that this cost does not include any costs of compilation, publisher's overhead, postage or the value of services provided without charge by other departments.
>
> The charge for a subscription sold through the Queen's Printer's Sales Promotion Division is $15.
>
> For the year 1965 some 10,100 copies of each issue of the Reports were printed, of which some 460 copies were distributed free to government departments and others entitled to receive government publications free of charge, some 630 copies were distributed free to law societies, judges, etc., approximately 8,670 were sold at $5 per subscription and 360 at $15 per subscription. The paid subscriptions produced an estimated revenue of $48,750. The direct printing costs, which amounted to $99,017, equivalent to $9.80 per subscription, were charged to the appropriation (Vote 5) of the Department of Public Printing and Stationery.

• (10:30 p.m.)

On May 31, 1966, the Department of Public Printing and Stationery advised the Registrar of the Supreme Court that the printing costs had almost doubled since the subscription rate of $5 was set in 1963. He recommended that the price to the law societies be set at not less than $10 per annual subscription commencing January, 1967.

The agreements referred to above are on a continuing basis but provide that "either party may terminate this agreement at any time, to be effective at the end of the then current year, by mailing postpaid notice of such termination to the other party not later than the first day of October in that year".

As no such notifications were mailed prior to October 1, 1966, by the Registrar of the Supreme Court, losses to the crown from these sales will continue throughout the calendar year 1967.

After reading that report of the Auditor General and finding that this gross discrimination was being practised by the Queen's Printer in the sale of these documents, I was moved to ask the Minister of Industry (Mr. Drury) the following question today: "Can the minister inform the house why the Canada Law Reports are sold to members of the legal profession, who have one of the highest incomes per capita in Canada, at an annual rate of $5, while the general public are required to pay $15 for the same report?"

I trust that the parliamentary secretary will be able to give me some satisfactory reply to this protest, which I think is fully justified and would be supported by the great majority of the Canadian people.

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, the main purpose I stayed behind to answer the question was to take advantage of this opportunity to pay tribute to the hon. member for Kootenay West (Mr. Herridge) because so seldom have I an opportunity to congratulate him on his wisdom, integrity and concern for the average Canadian. As I say, it was for that reason I stayed behind this evening to answer the question.

Obviously the Auditor General has once again proven to the Canadian public, by bringing this matter to our attention, the justification of his existence and his vigilance. It seems obvious to me that when the annual rate of $5 was established for members of the legal profession it had some direct relationship to the cost of printing. But the fact is that the cost of printing today would justify a fee of $10. I shall certainly add my views to those of the hon. member and through the medium of my caucus in this house suggest that steps be immediately taken to remedy this situation.

I am as puzzled as the hon. member to know why the general public should be required to pay $15. I think the least we should do in establishing the price of $10 is see that

the $10 fee is charged to all Canadians whether or not they are members of the legal profession. The hon. member and myself have in common the fact that we are not members of the legal profession, nor do I suspect either one of us would want to be. But if I wished to buy one of these books I can see no justification why I should pay any more than my colleague who sits next to me in the House of Commons.

I think the hon. member is to be congratulated, as is the Auditor General, for bringing this matter to the attention of the house. I will urge on the Minister of Industry (Mr. Drury), under whose jurisdiction the department of printing now falls, that this situation be rectified immediately. Obviously, from the hon. member's research, it is too late to do anything this year, but I am certain we would all take a dim view if it was not made known by November 1 this year that the price of these documents will be $10 to all Canadians, whether or not they are members of the legal profession.

Motion agreed to and the house adjourned at 10.36 p.m.

END OF VOLUME XII